



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

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Fifth District

October 10, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**TEN-YEAR LEASE
DEPARTMENT OF MENTAL HEALTH
2323 EAST PALMDALE BOULEVARD, PALMDALE
(FIFTH DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Mayor to sign the attached ten-year lease with AP-PALMDALE, LLC, Landlord, for the occupancy of 9,255 rentable square feet of office space for the Department of Mental Health (DMH) Service Area 1 (SA 1) Administration, SA 1 Psychiatric Mobile Response Team (PMRT), SA 1 Mental Health Services Act (MHSA) Implementation Section, Dual Diagnosis, Children's System of Care Team, and Specialized Foster Care-Children's Crisis Programs, at 2323 East Palmdale Boulevard, Palmdale, for a maximum first year rental amount of \$635,246, which includes: an initial annual base rent of \$177,696, excluding utility costs, plus a one-time payment of \$107,550 for additional Tenant Improvements (TI) and \$350,000 for furniture. The rental cost is 100 percent subvented by State and Federal funds.
2. Authorize the Chief Administrative Office (CAO) to acquire substitute financing for furniture systems acquired by the Landlord at a cost not to exceed \$350,000, amortized at a maximum of 6.5 percent over a 60-month period, or \$82,178 annually.

3. Authorize the Landlord and/or Director of Internal Services Department (ISD), at the discretion of the CAO to acquire telephone systems for DMH at a cost not to exceed \$300,000. At the discretion of the CAO, all or part of the telephone, data, and low voltage systems may be paid in lump sum or financed over a 60-month term not to exceed \$72,512 per year, in addition to other TI allowances.
4. Consider the attached Negative Declaration, together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County to approve the Negative Declaration, find that the project will have no adverse effect on wildlife resources, and authorize the CAO to complete and file a Certificate of Fee Exemption for the project.
5. Approve the project and authorize the CAO, DMH, and ISD to implement the project. The ten-year lease will commence upon completion of the improvements by the Landlord and acceptance of the improvements by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed lease will allow DMH to relocate a total of 25 existing staff consisting of the following SA 1 groups: Administration, PMRT, Dual Diagnosis, and Children's System of Care Team, from shared space provided by Antelope Valley Mental Health Center at 349 East Avenue K-6, Lancaster, Palmdale Mental Health Center at 1529 E. Palmdale Blvd., Palmdale and the Palmdale Union School District at 37212 47th Street East, Palmdale. Providing these DMH groups more adequate and sufficient space will allow them to better serve the SA 1 clients through new programs, namely Specialized Foster Care and MHSA Implementation Section. Additionally, the new space will allow for a total of 16 new staff members for both programs. Relocating the aforementioned staff will reduce overcrowding and improve delivery of services at both the 349 East Avenue K-6 and 1529 East Palmdale Boulevard facilities which will be retained by DMH.

The new staff is comprised of ten Specialized Foster Care staff assigned to work with the new outpatient children's crisis group. This staff makes up the bulk of the SA 1 component of the Countywide Enhanced Specialized Foster Care Mental Health Services Plan, which your Board adopted on October 11, 2005. The remaining six new staff is comprised of the SA 1 MHSA Implementation Section and are part of the 260 MHSA ordinance items approved by your Board on May 30, 2006. This staff will participate in venues intended to provide information about mental health services, encourage community participation in planning, and identify gaps in services that MHSA and the community can address.

The Honorable Board of Supervisors
October 10, 2006
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The Housing Authority program currently in operation at 43770 15th Street West, Lancaster will be co-housed in a separate premises area consisting of 9,809 square feet, adjacent to the DMH space. A separate letter has been filed with your Board, in your capacity as the Housing Authority of the County of Los Angeles, to approve that lease concurrently with the DMH lease. The effectiveness and existence of this lease is dependent on the approval of the Housing Authority lease.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we improve the workplace environment in order to enhance quality and productivity (Goal 2, Strategy 2) and improving the well being of children and families in Los Angeles County as measured by the achievements in the five outcome areas adopted by the Board: good health; economic well-being; safety and survival; social and emotional well-being; and educational/workforce readiness (Goal 5). In this case, we are consolidating multiple departmental functions in leased space and offering services that improve the well being of children, in accordance with Strategic Asset Management Principles as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The annual base lease cost for the proposed facility will initially be \$177,696, which includes approximately \$700,000 in TI's provided at the sole cost of the Landlord. The Landlord will also provide an additional TI and Change Order allowance of \$107,550 for construction, and \$350,000 for furniture which will both be reimbursed to the Landlord in lump sum payment within 60 days after delivery by landlord to tenant of final invoices.

The lease requires the County to reimburse the Landlord in a lump sum for the furniture systems and acquire third-party furniture financing at 6.5 percent interest to be repaid over a maximum 60-month term. The third-party furniture financing would be in an amount not to exceed \$82,178 annually and would be paid for out of the DMH 2006-07 operating budget.

2323 E PALMDALE BLVD., PALMDALE	PROPOSED TEN-YEAR LEASE
Area (Square feet)	9,255
Term	Ten years (upon acceptance of space by County)
Annual Base Rent	\$177,696 / \$19.20/sq.ft. (includes \$700,000 in TI's provided by Landlord)
Additional TI Construction	\$107,550 (lump sum payment within 60 days of acceptance by the County)
Furniture-acquired by Landlord.	\$350,000 (lump sum payment within 60 days of acceptance by the County)
Maximum 1 st yr Rent	\$635,246*
Furniture-County Financed	\$82,178 (annual cost for \$350,000, financed over 60 months at 6.5 percent interest)
Parking Included in Rent	45 off-street spaces
Cancellation	Cancellation rights anytime after the 96 th month, on 120 days notice.
Option to Renew	Two five-year options to renew the lease at ninety percent of market or prior month base.
Rental Adjustment	Fixed increases which do not exceed 4% during any increase over the previous years base rent.

*This includes annual base rent and reimbursements of \$107,550 for Additional TIs and \$350,000 for furniture.

The monthly rent under the lease will be a fixed rate of \$1.60 per square foot for the initial two-year term and will then have fixed increases which do not exceed four percent over the previous year's base rent through the initial ten-year term. The rent will increase at the first and second option periods to 90 percent of market or prior month base, whichever is more.

The total estimated purchase cost for the telephone, data, and low voltage systems is not to exceed \$300,000 and shall be paid by the Department. Should the Landlord be able to provide the aforementioned work at a cost at or below the County's cost, the recommendation herein allows for the payment of these costs to the Landlord, or at the discretion of the CAO, all or part of these costs may be paid direct on a lump sum basis.

Sufficient funding for the proposed lease is included in the 2006-07 Rent Expense budget and will be billed back to DMH. DMH has sufficient funding in its 2006-07 operating budget to cover the projected lease costs as well as the financing for furniture

and low-voltage systems. The rental cost is 100 percent subvented by State and Federal funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease provides 9,255 rentable square feet of office space and 45 off-street parking spaces. The lease contains the following provisions:

- The ten-year term of the lease begins upon completion of improvements by the Landlord and acceptance of the improvements by the County.
- A monthly base rent of \$14,808. A TI allowance to prepare the premises, per the submitted County preliminary plans and specifications, estimated to cost \$700,000, or \$75.64 per square foot, is included in the base rental rate.
- Additional TI and change order allowances totaling \$107,550, or \$11.62 per square foot in reimbursable TI funds is available; any amount utilized will be paid back to the Landlord in a lump sum payment within 60 days of acceptance by the County.
- An additional furniture allowance of up to \$350,000, or \$37.82 per square foot in reimbursable furniture improvement funds is also available; any amount utilized will be paid back to the Landlord in lump sum within 60 days of lease commencement.
- The Landlord will provide 45 parking spaces included in the rental rate, which is sufficient to meet the parking needs of the department.
- The Landlord will indemnify the County for personal injury and loss of personal property but will not indemnify for consequential damages (i.e., relocation costs and or increase in rental costs), if relocation occurs in the event of a Landlord default.
- The effectiveness and existence of this lease is dependent on the Housing Authority's approval of the separate lease, between the Landlord and the Housing Authority, for the adjacent space.

The Honorable Board of Supervisors

October 10, 2006

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- A cancellation provision is provided in the lease, allowing the County to cancel anytime after the 96th month with not less than 120 days prior written notice and reimbursement to the Landlord of the unamortized portion of the base \$700,000 in Landlord provided TIs, amortized at 8 percent over the ten-year term, which would total \$187,783 if the County cancelled at the 96th month; however, this lease runs coterminously with the separate lease between the Landlord and the Housing Authority, for the adjacent space. Both the County and the Housing Authority must agree in order to cancel the lease.
- The County has two five-year options to renew the lease at 90 percent of market or prior month base rent; however, both the County and the Housing Authority must agree to exercise the option. If the exercise of the option occurs in one lease, it must also be exercised in the other lease.
- The lease is on a modified full-service basis whereby the Landlord will be responsible for all operating and maintenance costs excluding all utility services, which are paid by the County.

CAO Real Estate staff surveyed Palmdale and the surrounding area to determine the market rate of comparable sites. Based upon said survey, staff has established that the base rental range including parking and TI for similar property is between \$19.60 and \$24 per square foot per year modified full-service. Thus, the base annual rent of \$19.60 per square foot for the base lease cost, is at the low end of market for this area. Attachment B shows County-owned and leased facilities within the search area for these programs and none are available to house these programs.

The proposed lease was submitted for review to your Board's appointed Real Estate Management Commission on September 6, 2006. After careful review, the Commission approved the proposed lease. The Auditor-Controller has reviewed the lease for compliance with Federal and State subvention guidelines and concurs that it meets the criteria for an Operating Lease. The Department of Public Works has inspected this facility and concurs that it meets current standards for the County's occupancy.

The proposed leased premises had no additional space available to house a child care center. However, there are several private child care centers available for County employees within a one-mile radius of the subject location.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this Project will have no significant impact on the environment and no adverse effect on the wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. No comments to the Negative Declaration were received. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

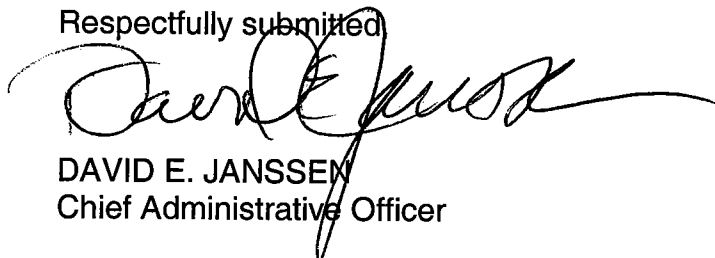
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed Lease will provide the necessary office space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DMH concurs in this recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return four originals of the executed lease and lease addendum, two certified copies of the Minute Order and the adopted, stamped Board letter to the CAO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
CEM:TS:hd

Attachments (3)

c: County Counsel
Auditor-Controller
Mental Health Services
Internal Services Department

**DEPART OF MENTAL HEALTH SERVICES
2323 EAST PALMDALE BLVD., PALMDALE**

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>	Yes	No	N/A
A	Does lease consolidate administrative functions? ²			X
B	Does lease co-locate with other functions to better serve clients? ²	X		
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sq. ft of space per person? ² Ratio: 1/221 square feet. Child play area, separate supervision room and other public areas for this program increases space per person.		X	
2.	<u>Capital</u>			
A	Is it a substantial net County cost (NCC) program? 100% State and Federal funding.		X	
B	Is this a long term County program?	X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			X
F	Is Building Description Report attached as Attachment B?	X		
G	Was build-to-suit or capital project considered? No, size of project did not require build-to-suit or capital project because of availability of leased space.		X	
3.	<u>Portfolio Management</u>			
A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?			X
D	Why was this program not co-located?			
	1. ____ The program clientele requires a "stand alone" facility.			
	2. ____ No suitable County occupied properties in project area.			
	3. ____ No County-owned facilities available for the project.			
	4. ____ Could not get City clearance or approval.			
	5. X The Program is being co-located.			
E	Is lease a full service lease? ² This is a modified full service lease where the County is responsible for all utility costs, including day porter janitorial if required. The Landlord did not want to be responsible for utilities or day porter costs.		X	
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98			

²If not, why not?

Attachment B

**SPACE SEARCH – WITHIN SERVICE AREA OF DMH CLIENT PARTICIPANTS
2323 EAST PALMDALE BLVD., PALMDALE
DEPARTMENT OF MENTAL HEALTH SERVICES**

LACO	FACILITY NAME	ADDRESS	SQ. FT. GROSS	SQ. FT. NET	OWNERSHIP	SQ. FT. AVAIL
0059	PW Road –Div #551 Maintenance	4859 W Ave L-12 Quartz Hill	1,2501	1,125	OWNED	NONE
D620	Public Library-Quartz Hill	42018 N 50 th St. W., Quartz Hill	3,530	3,291	LEASED	NONE
B636	DPSS Lancaster Office Center	43770 N 15 th Street W, Lancaster	4,020	3,901	LEASED	NONE
A079	Assessor's Regional Office	251 E Avenue K-6, Lancaster	15,338	13,712	LEASED	NONE
A035	Board of Supervisors 5 th District Field Office	1113 W 4 th Street W, Lancaster	1,241	1,164	LEASED	NONE
X511	Antelope Valley Courthouse	42011 4 th St, W, Lancaster	389,000	267,610	FINANCED	NONE
A008	Antelope Valley Service Center	335 A E Avenue K-6, Lancaster	51,000	242,803	LEASED	NONE
A433	Antelope Valley Service Center B	349 A-B E Avenue K-6, Lancaster	51,000	33,932	LEASED	NONE
A492	DPSS Lancaster IHSS Annex	43424 Copeland Cir., Lancaster	2,400	2,280	LEASED	NONE
A192	Probation –Antelope Valley Area	321 E Avenue K-4, Lancaster	6,400	6,000	LEASED	NONE
X495	PW Waterworks North Maintenance Area	260 E Avenue K-8 Between K-8 and K-10, Lancaster	13,200	11,150	OWNED	NONE
A125	Lake Los Angeles Library	16921 E Avenue O, Palmdale	3,245	2,921	LEASED	NONE
A125	Lake Los Angeles Clinic	16921 E Avenue O, Palmdale	2,457	2,211	LEASED	NONE
A380	DPSS Antelope Valley GAIN	1050 E Palmdale Blvd., Palmdale	18,795	17,855	LEASED	NONE
A576	DCFS Palmdale District Office 4	39959 Sierra Highway, Palmdale	49,500	49,5000	LEASED	NONE

COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE

TEN-YEAR LEASE

NEGATIVE DECLARATION

ORIGINAL FILED

MAR 27 2006

LOS ANGELES, COUNTY CLERK

I. Location and Description of the Project

The proposed project is for the County of Los Angeles to lease facilities at 2323 East Palmdale Blvd., Palmdale, California, which will be used by the Department of Mental Health (DMH) and The Community Development Commission (CDC). DMH will be using the space to consolidate its service area 1 administrative staff as well as providing space for a psychiatric Mobile Response Team and a small clinic for a new Specialized Foster Care program. CDC will be housing administrative staff for administering its Section 8 housing program. The facility, located in the Fifth Supervisorial District approximately 64 miles from the Los Angeles Civic Center, includes 19,120 square feet of office space. DMH and CDC shall have use of 110 off-street parking spaces for combined staff in addition to available parking for visitors. The Landlord has no expansion plans beyond the scope of this project.

II. Finding of No Significant Effect

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

III. Mitigation Measures

None required.

INITIAL STUDY

I. Location and Description of Project

These proposed leased premises are located at 2323 East Palmdale Blvd., Palmdale, located in the Fifth Supervisorial District approximately 64 miles northwest of the Los Angeles Civic Center and 7 miles East of the 14 freeway. (See attached map)

The building to be used is owned by Don Abbey and is intended for use as office space. Located at the site are 110 exclusive off-street parking spaces for Department of Mental Health and the Community Development Commission's use and ample public parking is located within the on-site parking lot and surrounding area.

This project consists of leasing this facility for 10 years in which will be located DMH and CDC offices. It is anticipated that an average of 80 employees will be occupying the premises with the maximum employee occupancy anticipated to be 105 per day. In addition to the employees, it is anticipated that an average of 40 members of the public per day will be visiting the facility for normal administrative purposes. No expansion of existing premises will occur for this project and no exterior alterations, except for interior tenant improvements and furnishings, will be performed for this project.

II. Compatibility with General Plan

This project site is currently designated as Regional Center Commercial in the City of Palmdale Plan and zoned PDC3. The proposed project would be consistent with these designations.

III. Environmental Setting

The project site is located in an area of commercial type facilities. The site includes approximately 76,666 square feet of developed property. The site is bordered by 25th Street on the east side, residential on the north side, commercial property on the west side and East Palmdale Boulevard on the south side.

IV. Identification of Environmental Effects

A. The impact of the proposed project on existing land forms will be negligible as no reshaping of the soil nor excavation nor foundations, utility lines, sewer lines or water lines is anticipated.

B. The project will not conflict with adopted environmental plans and goals of

the City of Palmdale.

- C. The project will not have a substantial demonstrable negative aesthetic effect on the site. The existing facility will be continued to be maintained as part of the lease arrangement.
- D. No rare or endangered species of animal or plant or the habitat of the species will be affected by the project. Nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.
- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic. Nor will it affect the carrying capacity of the present street system. This is a government use of private property for legal services purposes. The County's use is in conformance with uses approved by the City of Palmdale.
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.
- L. The proposed developed project will not cause flooding, erosion or siltation.
- M. The project will not expose people or structures to major geologic hazards.
- N. The project will not expend a sewer trunk line. All necessary utilities are available currently to the facility.
- O. No significant increased energy consumption is anticipated by the County's use of the premises as compared to previous uses.

- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

V. Discussions of Ways to Mitigate Significant Effects

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

- A. None Required.

VI. Initial Study Preparation

This study was prepared by Thomas Shepos of the Los Angeles County Chief Administrative Office, Real Estate Division. This study was completed on March 27th, 2006.

MAR 27 2006

NEGATIVE DECLARATION

LOS ANGELES, COUNTY CLERK

Department Name: Mental Health
Project: Administrative Offices/ psychiatric Mobile
Response Team and a small clinic for a new
Specialized Foster Care program

Department Name: Community Development Commission
Project: Administrative Staff/ Section 8 Housing

Pursuant to Section 15072, California Environmental Quality Act and California Administrative Code Title 14, Division 6

1. Description of Project

The leasing of existing office space in an existing commercial building to be used by the County of Los Angeles, Department's of Mental Health and Community Development Commission as administrative office, and clinic space.

2. a. Location of Project (plot plan attached)

2323 East Palmdale Boulevard
Palmdale, CA 935550

b. Name of Project Proponent

County of Los Angeles
Chief Administrative Office
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012

3. Finding for Negative Declaration

It has been determined that this project will not have a significant effect on the environment based on information shown in the attached Environmental Information Form dated March 27, 2006 which constitutes the Initial Study of this project.

4. Initial Study

An Initial Study leading to this Negative Declaration has been prepared by the Chief Administrative Office and is attached hereto.

5. Mitigation Measures Included in Project

None required.

Date
March 27, 2006

Real Property Agent
Thomas Shepos

Telephone
(213) 974-4363

DATE POSTED – March 29, 2006

NOTICE OF PREPARATION OF NEGATIVE DECLARATION

This notice is provided as required by the California Environmental quality Act and California Administrative Code Title 14 Division 6, Section 15072 (a) (2) B.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

1. Name of Proponent - County of Los Angeles
Chief Administrative Office
2. Address/Phone No. - 222 South Hill Street, 3rd Floor
Los Angeles, California 90012

<u>Agent</u> Thomas Shepos	<u>Telephone</u> (213) 974-4364
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ORIGINAL FILED

MAR 27 2006

LOS ANGELES, COUNTY CLERK

3. Date Information Form Submitted – March 27, 2006
4. Agency Requiring Information Form - Los Angeles County
Chief Administrative Office
Real Estate Division
5. Name of Proposal, if Applicable -
6. Address of Facility Involved – 2323 East Palmdale Boulevard
Palmdale, CA 93534

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2 above and referring to the proposal by name or to the facility by address.

Si necesita informacion en espanol, por favor de comunicarse con Carlos Marquez, para asistencia en obtener una traduccion para el numero (213) 974-4163.

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT**

DEPARTMENT: MENTAL HEALTH, as Tenant

LANDLORD: AP-PALMDALE LLC

2323 EAST PALMDALE BOULEVARD, SUITE __, PALMDALE, CA

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COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT

THIS LEASE is entered into as of the _____ day of _____, 2006 between AP-PALMDALE LLC, a California limited liability company ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate, Department of Mental Health ("Tenant").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

(a) Landlord's Address for Notice: AP-Palmdale LLC
Attn: Don Abbey
310 Golden Shore, Suite 300
Long Beach, CA 90802

(b) Tenant's Address for Notice: Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012
Fax Number: _____

With a copy to:
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: _____

(c) Premises: Approximately 9,255 rentable square feet in the Building (defined below) as shown on Exhibit A attached hereto.

(d) Building: The building located at 2323 East Palmdale Boulevard, Palmdale, CA, which is located upon the real property described more particularly in Exhibit A-1 attached hereto (the "Property").

(e) Term: Ten (10) years beginning on the Commencement Date (as that term is defined in Section 1(g)) and terminating at midnight on the day before the tenth (10th) anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this

1		Lease, or words of similar import, shall refer to the
2		initial Term of this Lease together with any
3		additional Extension Term(s) for which an option
4		has been validly exercised.
5	(f) <u>Projected Commencement Date:</u>	<u>Subject to Section 10 of the Landlord's Work</u>
6		<u>Letter</u> , the date which is two hundred seventy (270)
7		days after the Landlord Tenant Improvement
8		Commencement Date.
9	(g) <u>Commencement Date:</u>	Subject to the provisions of Section 4(c) <u>hereof and</u>
10		<u>Section 10 of the Landlord's Work Letter</u> , the
11		earlier of: (a) forty (40) days after Substantial
12		Completion (as such term is defined in Section 4(a))
13		of Base Tenant Improvements of the Premises, or
14		(b) upon Tenant's occupancy of the Premises.
15		Provided, however, in the event the commencement
16		date of the Housing Authority Lease (as defined in
17		Section 1(r) below) is later than as otherwise
18		provided in the preceding sentence, then the
19		Commencement Date of this Lease shall be the
20		same as commencement date of the Housing
21		Authority Lease.
22	(h) <u>Irrevocable Offer Expiration</u>	October 31, 2006 if the Lease has not been
23	<u>Date:</u>	approved by the Real Estate Commission.
24		November 30, 2006 if the Lease has not been
25		approved by the Board of Supervisors.
26	(i) <u>Basic Rent:</u>	\$14,808.00 per month (which is based upon a rental
27		rate of \$1.60 per rentable square foot (adjustable
28		only as provided herein.)
29	(j) <u>Early Termination Date:</u>	During the initial ten year Term: any time after the
30		last day of the 96th month, as set forth in Section
31		4(d); and
32		during any Option Term: anytime after the last day
33		of the 24 th month, as set forth in Section 4(d).
34	(k) <u>Rentable Square Feet</u>	9,255
35	<u>in the Premises:</u>	
36	(l) <u>Use:</u>	General office and psychiatric session use or for any
37		other lawful purposes, not incompatible with other
38		uses in the Building and the other building on the
39		Property.
40	(m) <u>Initial Departmental User:</u>	Mental Health
41	(n) <u>Parking Spaces:</u>	45 Non Exclusive
42	(o) <u>Normal Working Hours:</u>	7:00 a.m. to 9:00 p.m., Monday through Friday and
43		9:00 a.m. to 3:00 p.m. Saturday, except New Year's

Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.

(p) Asbestos Report:

A Phase I dated July 7, 2005 and an "O&M Plan" dated October 26, 2005, prepared by EnviroBusiness, Inc.

(q) Landlord Tenant Improvement Commencement Date:

Landlord shall have no obligation to commence construction of the Base Tenant Improvements until all of the following have occurred: (1) The final and unconditional approval and execution of this Lease by the County by the formal action of the Board of Supervisors ("County Approval"); (2) the receipt by Landlord of the final and unconditional Lender's Approval (as defined in Section 31.2 hereof); and (3) the issuance of all necessary permits required to commence construction of the Base Tenant Improvements ("Permit Issuance"). Landlord Tenant Improvement Commencement Date means the date upon which occurs the last of the following: (a) Landlord's written receipt of the County Approval, (b) Landlord's written receipt of the Lender's Approval, or (c) Permit Issuance to Landlord.

(r) Housing Authority Lease:

That certain lease agreement between Landlord and The Housing Authority of Los Angeles County (the "Housing Authority") dated as of _____, 2006, whereby the Housing Authority leases from Landlord 9,809 rentable square feet of space contiguous to the Premises; the user of the leased premises under the Housing Authority Lease is the Section 8 Division; see also Section 31.3 below.

1.2 Defined Terms Relating to Landlord's Work Letter:

(a) Base Tenant Improvements:

The improvements to the Premises required to be delivered by the Landlord to Tenant as shown in the as built plans and specifications attached as Addendum B to the Landlord's Work Letter provided, however, that Base Tenant Improvements shall not include Tenant's furniture, furniture systems, telephones, telexes, telecopies, photocopy machines, computers and other business machines or equipment or telecommunications equipment, the purchase and installation of which shall be Tenant's responsibility. It is estimated that the Base Tenant Improvements will cost approximately Seven Hundred Thousand Dollars (\$700,000) as more particularly set forth on a preliminary budget

attached hereto as Exhibit B ("Preliminary Budget").

(b) Additional Tenant Improvement Allowance:

\$92,550 (\$10 per rentable square foot)

(c) Maximum Change Order Allowance:

\$15,000 (Approximately \$1.62 per rentable square foot)

(d) Furniture Allowance:

Not to exceed \$350,000, including the purchase price, taxes, cost of delivery and cost of installation of Furniture selected by Tenant in accordance with the provisions of Section 4(f), payable by Tenant to Landlord in a lump sum payment within sixty (60) days of delivery by Landlord to Tenant of a final invoice for Furniture Allowance.

(e) Payment of Tenant Improvement Allowance and Maximum Change Order Allowance:

Payable by Tenant to Landlord in a lump sum payment within thirty (30) days after the later of: (i) the Commencement Date; or (ii) delivery by Landlord to Tenant of a final invoice for the Tenant Improvement Allowance and Maximum Change Order Allowance.

(f) Tenant's Work Letter Representative:

Don Abbey

(g) Landlord's Work Letter Representative:

Thomas Shepos

(h) Landlord's Address for Work Letter Notice:

AP-Palmdale, LLC
Attn: Don Abbey
c/o The Abbey Company
310 Golden Shore, Suite 300
Long Beach, CA 90802

(i) Tenant's Address for Work Letter Notice:

Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012

With a copy to:

Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

1.3 Exhibits to Lease:

Exhibit A - Plan of Premises
Exhibit A-1 – Legal Description
Exhibit B - Preliminary Budget

Exhibit C - Commencement Date Memorandum and
Confirmation of Lease Terms
Exhibit D - HVAC Standards
Exhibit E - Cleaning and Maintenance Schedule
Exhibit F - Rent Schedule

1.4 Landlord's Work Letter: (executed concurrently with this Lease and made a part hereof by this reference)

Landlord's Work Letter
Addendum A: Base Building Improvements
Addendum B: Tenant Improvements
Addendum C: Form of Budget
Addendum D: Costs of Tenant Improvements

1.5 Supplemental Lease Documents: (delivered to Landlord and made a part hereof by this reference)

Document I: Subordination, Non-disturbance and
Attornment Agreement
Document II: Tenant Estoppel Certificate
Document III: Community Business Enterprises Form
Document IV: Memorandum of Lease
Document V: Request for Notice

2. PREMISES.

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

(b) Landlord and Tenant acknowledge that the Premises consists of approximately 9,255 rentable square feet of the Building plus associated parking spaces as provided herein.

(c) The Premises were measured by Landlord and verified independently by Tenant in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Warehouse/Office Buildings, ANSI Z65.1-195, as promulgated by the Building Owners and Management Association (BOMA) International. At no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES.

1 (a) Term. The term of this Lease shall commence upon the Commencement Date
2 and terminate on the Termination Date. Within forty-five (45) days of determining the
3 Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement
4 Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms
5 attached as Exhibit C. The Lease shall commence in accordance with the provisions of Section
6 1(g). The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall
7 mean that Landlord has completed (1) all of the Base Tenant Improvements as defined herein
8 and set forth on Addendum B to the Landlord's Work Letter, notwithstanding the fact that minor
9 details of construction, mechanical adjustments or decoration which do not materially interfere
10 with Tenant's use of the Premises remain to be performed (items normally referred to as "punch-
11 list items", which items shall be completed in a forty (40) day period after completion of the
12 punchlist) and (2) Tenant has been provided with the number of parking privileges and spaces to
13 which it is entitled under this Lease. The Premises shall be deemed Substantially Complete, even
14 though Tenant's furniture, furniture systems, telephones, telexes, telecopiers, photocopy
15 machines, computers and other business machines or equipment or other telecommunications
16 equipment have not been installed, the purchase and installation of which shall be Tenant's sole
17 responsibility. Subject to the correction by Landlord of the punch-list items, Tenant shall be
18 obligated to accept the Premises at such time as the Premises are delivered to Tenant
19 Substantially Complete, and Tenant has been provided access to the parking facility serving the
20 Premises.

21 (b) Termination Right. If the Commencement Date has not occurred by the
22 Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays as provided
23 in Landlord's Work Letter, which has been executed concurrently herewith, Tenant may
24 thereafter, at any time before the Commencement Date occurs, terminate this Lease effective
25 upon the giving of written notice to Landlord and the parties shall have no further obligations to
26 one another hereunder.

27 (c) Early Access. As provided in Section 1.(g), Tenant shall be entitled to access
28 to the Premises forty-five (45) days prior to the Commencement Date for the purpose of
29 installing Tenant's furniture, fixtures and equipment in the Premises. Such early access shall be
30 subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not
31 pay Basic Rent for such early occupancy period.

32 (d) Early Termination. Subject to the Termination Conditions (as defined
33 below), Tenant shall have the right to terminate this Lease (each separately a "Termination
34 Option") during the initial ten (10) year term at any time after the last day of the ninety-six (96th)
35 month following the last day of the month in which the Commencement Date occurs and during
36 an Option Term (as defined below) at any time after the last day of the twenty-fourth (24th)
37 month following the last day of the month in which the applicable Option Term commenced.
38 Each Termination Option is granted subject to the following terms and conditions ("Termination
39 Conditions"):

40 (i) Notice. Tenant shall give Landlord not less than one hundred twenty
41 (120) days, nor more than two hundred ten (210) days advance written notice of its irrevocable
42 election to exercise a Termination Option, time being of the essence. Such notice shall
43 specifically identify the date upon which the termination will be effective ("Early Termination
44 Date"). Notice shall be given in accordance with the provisions of paragraph 30(e) of this Lease.

1 (e) Options to Extend.

2 (i) Landlord hereby grants to Tenant two (2) options (each an "Option")
3 to extend the Term of this Lease for two additional periods of sixty (60) months (each an
4 "Option Term"). An Option must be exercised, if at all, by written notice ("Option Notice")
5 delivered by Tenant to Landlord not later than two hundred seventy (270) days prior to the end
6 of the initial Term of this Lease, or the first Option Term, as applicable. Further, an Option shall
7 not be deemed to be properly exercised if, as of the date of the Option Notice, or at the end of the
8 initial Term of this Lease or the end of the first Option Term, as applicable, Tenant (i) is in
9 default under this Lease, or (ii) has assigned all or any portion of this Lease or its interest therein,
10 or has sublet all or any portion of the Premises in violation of the Lease. As a further condition
11 to the exercise of an Option under this Lease, it is required that the County of Los Angeles
12 concurrently exercises the option to extend the term of the Housing Authority Lease, in
13 accordance with the terms and conditions of the Housing Authority Lease, so that the leases
14 remain coterminous (i.e. both this Lease and the Housing Authority Lease expire on the same
15 date). Provided Tenant has properly and timely exercised an Option, the then current term of the
16 Lease shall be extended by the Option Term, and all terms, covenants and conditions of the
17 Lease shall remain unmodified and in full force and effect, except that (i) Landlord shall have no
18 obligation to make any tenant improvements or provide any allowance therefore, and (ii) the
19 Basic Rent shall be modified as set forth in sections (ii), (iii) and (iv) below.

20 (ii) The Basic Rent payable for the first year of an Option Term shall be
21 equal to the greater of (i) ninety percent (90%) of the then prevailing fair market rental value of
22 the Premises as determined herein, or (ii) the Basic Rent payable by Tenant to Landlord during
23 the final month of the initial Term of this Lease, or the first Option Term, as applicable. The
24 monthly Basic Rent for an Option Period shall be adjusted as provided in Section 4(e)(v) below
25 and stated on Exhibit F attached hereto. If Landlord determines that the Basic Rent for an
26 Option Term shall be based upon the calculation described in clause (ii) above, such
27 determination shall be conclusive, Tenant shall have no right to object thereto, and the following
28 provisions regarding the determination of fair market rental value shall not apply. If Landlord
29 determines that the Basic Rent for an Option Term shall be ninety percent (90%) of the fair
30 market rental value of the Premises pursuant to clause (i) above, Landlord shall determine fair
31 market rental value by using commercially reasonable good faith judgment. As used herein,
32 "fair market rental value" shall mean the annual amount per rentable square foot then being
33 charged or projected to be charged for similarly improved office space in comparable buildings
34 (age, design, quality and relative location in the vicinity in which the building is situated) located
35 within a 5-mile radius of the Premises, on leases for delivery on or about the applicable delivery
36 or effective date of the Option Term, taking into consideration annual rental rates per rentable
37 square foot, age and condition of building, the type of escalation clauses, tenant improvements or
38 allowances provided or to be provided for such comparable space, rental abatement concessions,
39 if any, the length of the relevant term the extent of which the fair market rental value is to
40 become effective, and any other relevant terms or conditions. It shall be understood, however,
41 no reduction or increase in rent shall be granted for the presence or absence of a brokerage
42 commission. Landlord shall provide written notice of such amount not later than one hundred
43 twenty (120) days prior to the expiration of the then current term. Tenant shall have thirty (30)
44 days ("Tenant's Review Period") after receipt of Landlord's notice of the fair market rental value
45 within which to accept such fair market rental value or to reasonably object thereto in writing. In
46 the event Tenant objects to the fair market rental value submitted by Landlord, Landlord and

1 Tenant shall attempt in good faith to agree upon such fair market rental value, using their best
2 good faith efforts. If Landlord and Tenant fail to reach agreement on such fair market rental
3 value within thirty (30) days following Tenant's Review Period (the "Outside Agreement Date"),
4 then each party's determination of fair market rental value shall be submitted to arbitration in
5 accordance with section (iii) below.

6 (iii) (1) Landlord and Tenant shall each appoint one arbitrator who shall
7 by profession be a real estate broker who shall have been active over the five (5) year period
8 ending on the date of such appointment in the leasing of commercial properties in the area in
9 which the Building is located or an individual who shall be designated as a Member, Appraisal
10 Institute of Real Estate Appraisers (MAI) or a member of the Society of Real Estate Appraisers
11 (SREA) and who shall have been active over the five (5) year period ending on the date of such
12 appointment in the appraisal of commercial properties located in Los Angeles County. The
13 determination of the arbitrators shall be limited solely to the issue of whether Landlord's or
14 Tenant's submitted fair market rental value for the Premises is closer to the actual fair market
15 rental value for the Premises as determined by the arbitrators, taking into account the
16 requirements of section 4(e)(ii) above and this section regarding the same. Each such arbitrator
17 shall be appointed within fifteen (15) days after the Outside Agreement Date.

18 (2) The two arbitrators so appointed shall, within fifteen (15) days
19 of the date of the appointment of the last appointed arbitrator, agree upon and appoint a third
20 arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of
21 the initial two arbitrators.

22 (3) The three arbitrators shall within thirty (30) days of the
23 appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's
24 or Tenant's submitted fair market rental value, and shall notify Landlord and Tenant thereof.
25 Such decision shall be based upon the factors described in section 4(e) (ii) above.

26 (4) The decision of the majority of the three arbitrators shall be
27 binding upon Landlord and Tenant.

28 (5) If either Landlord or Tenant fails to appoint an arbitrator
29 within the time period specified in section 4(e)(iii)(1) hereinabove, the arbitrator appointed by
30 one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's
31 decision shall be binding upon Landlord and Tenant.

32 (6) If the two arbitrators fail to agree upon and appoint a third
33 arbitrator both arbitrators shall be dismissed and the matter to be decided shall be forthwith
34 submitted to arbitration under the provisions of the American Arbitration Association.

35 (7) The cost of arbitration shall be paid by Landlord and Tenant
36 equally.

37 (iv) Notwithstanding the fair market rental value for the Premises selected
38 by the arbitrators, in no event shall the Basic Rent for an Option Term be less than the Basic
39 Rent payable by Tenant during the final year of the term of this Lease immediately prior to the
40 subject Option Term.

41 (v) Basic Rent shall be adjusted on the first day of the first full month
42 following the first anniversary of the Option Commencement Date (which shall mean the first

day of the applicable Option Term) and thereafter, for each year remaining of the applicable Option Term, on the anniversary of such day (the "Adjustment Date"), as follows:

The base for computing the adjustment is the Consumer Price Index for All Urban Consumers, Los Angeles-Anaheim-Riverside areas, all items (1982-84 = 100), published by the United States Department of Labor (the "Index"), which is published for the month which is three (3) months prior to the applicable Option Commencement Date (the "Reference Index"). The Index published for the month which is three (3) months prior to the applicable Adjustment Date (the "Comparison Index") shall be used for determining the increase in Basic Rent on such Adjustment Date.

If on any Adjustment Date the Comparison Index is greater than the Reference Index, then the Basic Rent for the following twelve (12) month period shall be the amount determined by multiplying the Basic Rent payable for the first full month of the applicable Option Term by a fraction, the numerator of which is the Comparison Index and the denominator of which is the Reference Index. Landlord and Tenant hereby acknowledge and agree that, the foregoing notwithstanding, Basic Rent shall be increased on each and every Adjustment Date by no less than two point five percent (2.5%) but no more than four percent (4%) above the Basic Rent in effect immediately prior to such Adjustment Date.

5. RENT. Tenant shall pay Landlord all rent and other payments due to Landlord hereunder (including, without limitation, Basic Rent) during the Term hereof within fifteen (15) days after a claim therefore for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month. For each successive twelve (12) months of the original term of this Lease and for each successive twelve (12) month period thereafter, the monthly rent as set forth above shall be in the amount and subject to adjustment as listed on Exhibit "F" attached hereto. Tenant shall pay to Landlord the reimbursement for the Furniture Allowance, Additional Tenant Improvement Allowance and Maximum Change Order Allowance within the time provided in Sections 1.2(d) and 1.2(e).

6. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon sixty (60) days written notice from Landlord or sixty (60) days written notice from the Chief Administrative Officer of Tenant at one hundred percent (100%) of the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation,

the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event either twenty five percent (25%) or less of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable or, per the Estimated Repair Time (as defined below), the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days after issuance of all necessary permits, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within thirty (30) days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required, after the issuance of all necessary permits, to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods ("Estimated Repair Time"). The failure to do so following a thirty (30) day written notice to Landlord from Tenant shall be a material Default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event more than twenty-five percent (25%) of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Estimated Repair Time to restore the Premises is more than one hundred eighty (180) days for any reason, then Tenant may terminate this Lease by giving written notice within ten (10) days after notice from Landlord specifying the Estimated Repair Time and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is thirty (30) days after such written notice of termination. As used herein, the term "material destruction" shall mean the destruction of greater than twenty five percent (25%) of the Premises rendering the Premises totally or partially inaccessible or unusable.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may, after giving written notice thereof to Landlord and a thirty (30) day period to cure such failure: (a) declare a default hereunder or (b) perform or cause to be performed the restoration work and deduct the cost

thereof plus interest thereon at ten percent (10%) per annum, from the Basic Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents, to its knowledge, to Tenant that (i) the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC") which HVAC shall be new and installed by Landlord as part of Base Tenant Improvements, electrical, mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; and (iii) to Landlord's actual knowledge, the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined) and (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation which has not been cured. Landlord represents, that, except as disclosed in the Phase 1 Environmental Site Assessment Report described in Section 1.(p) that the Premises and the Building contain no asbestos or other Hazardous Materials (as herein defined) .

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intra building network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; and (iv) exterior windows of the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (2) interior partitions; (3) doors; (4) the interior side of demising walls. Notwithstanding anything to the contrary contained herein, Landlord's only obligation with respect to carpeting is to replace every ten (10) years after the Commencement Date and with respect to interior painting, to repaint every ten (10) years after the Commencement Date. Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of module furniture, low voltage electronic, phone and data cabling and related equipment and all other personal property that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by Nitany Lion Landscaping, Inc. ("NL") which Tenant hereby approves, or by any other contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed, (b) be at least equal in quality, value and utility to the original work or installation, (c) be in accordance with all laws.

(c) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to commence and diligently pursue

1 within five (5) business days of acquiring any necessary permits or, if no permits are required,
2 within five (5) business days after the receipt of such notice, then Tenant may proceed to take the
3 required action (provided, however, that no such notice shall be required in the event of an
4 emergency which threatens life or where there is danger of imminent material damage to
5 property or the failure to take immediate action could reasonably cause a material disruption in
6 Tenant's normal and customary business activities). Tenant shall have access to the Building to
7 the extent necessary to perform the work contemplated by this provision. If such action was
8 required under the terms of this Lease to have been taken by Landlord and was not taken by
9 Landlord within such period (unless such notice was not required as provided above), and Tenant
10 took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of
11 Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten
12 percent (10%) per annum. If not reimbursed by Landlord within ten (10) days, Tenant shall be
13 entitled to deduct from Basic Rent payable by Tenant under this Lease such amount as is set
14 forth in its invoice given to Landlord. The remedies provided in this Section are in addition to
15 the remedies provided in Section 15.

16 11. SERVICES AND UTILITIES.

17 Landlord shall furnish the following services and utilities to the Premises:

18 (a) HVAC. Landlord shall furnish heating, ventilation and air conditioning
19 ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the
20 Premises for normal office purposes to a standard comparable to other office buildings and not
21 less than the standard set forth in Exhibit D attached hereto.

22 (b) Electricity. Landlord shall furnish to the Premises the amount of electricity
23 required per the Plans and specifications set forth and approved as shown in Addendum B to
24 Landlord's Work Letter, at Tenant's sole cost.

25 (c) Water. Landlord shall make available water for normal lavatory and potable
26 water meeting all applicable governmental standards for drinking purposes in the Premises, at
27 Tenant's sole cost.

28 (d) Gas. Landlord shall furnish to the Premises a metered gas line if it is not
29 currently provided to the Building as of the date of this Lease, at Tenant's sole cost and expense.

30 Tenant agrees to pay when due all charges for the consumption of the electricity, gas and
31 water in the Premises during the term of this Lease or any renewal, extension, or holdover
32 thereof, provided the same are measured by separate meter, which shall be installed at the sole
33 cost of the Landlord.

34 (e) Janitorial. Landlord shall provide janitorial services on five (5) nights per
35 week generally consistent with that furnished in comparable office buildings in the County of
36 Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E
37 attached hereto. Notwithstanding the definition of Normal Working Hours, the janitorial service
38 shall be rendered during the customary hours for such service. At the written request of Tenant,
39 Landlord shall provide, but Tenant shall be solely responsible for the cost of any day porter.
40 Tenant shall reimburse Landlord the cost of the day porter as provided in Section 5.

1 (f) Access. Landlord shall furnish to Tenant's employees and agents access to the
2 Building, Premises and Common Areas on a seven (7) day per week, twenty-four (24) hour per
3 day basis, subject to compliance with such reasonable security measures as shall from time to
4 time be in effect for the Building.

5 12. TAXES. Landlord shall pay promptly all real property taxes, assessments and
6 special assessments which may be levied or assessed against the Premises during the term of this
7 Lease or renewal or holdover period thereof. In the event Landlord fails or refuses to pay any or
8 all taxes or assessments when due, Tenant may give Landlord thirty (30) calendar days prior
9 notice and, provided Landlord is not contesting its obligation to pay such taxes or assessments,
10 thereafter pay such taxes or assessments, and deduct the payments from the installments of rent
11 next due as a charge against Landlord. Landlord, at its own expense, may contest by appropriate
12 legal proceeding, promptly initiated and conducted in good faith and with due diligence, the
13 amount or validity or application in whole or in part of any taxes or assessments, provided that
14 such proceeding shall suspend the collection of the taxes from Landlord and from the Property.

15 13. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the
16 Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable
17 purpose. If Landlord temporarily closes any portion of the Premises other than because of an act
18 or omission to act by Tenant or in compliance with law for more than eight consecutive business
19 hours which for purposes of this Section 13 shall be 8:30 am to 5:30 pm Monday through Friday
20 other than holidays recognized by the County of Los Angeles, Basic Rent shall be prorated based
21 upon the percentage of the Premises or Building rendered untenable and not used by Tenant.
22 Landlord shall have the right at any and all times to enter the Premises without notice to Tenant
23 in the event of an emergency.

24 14. TENANT DEFAULT.

25 (a) Default. The occurrence of any one or more of the following events (a
26 "Default") shall constitute a material default and breach of this Lease by Tenant:

27 (i) the failure by Tenant to make any payment of Basic Rent or any other
28 payment required to be made by Tenant hereunder (except to the extent an offset is expressly
29 permitted hereunder), as and when due and if the failure continues for a period of ten (10) days
30 after written notice to Tenant;

31 (ii) the failure by Tenant to observe or perform any of the other
32 covenants, conditions or provisions of this Lease, where such failure shall continue for a period
33 of thirty (30) days after written notice from Landlord specifying in detail the nature of the
34 default; provided, however, if more than thirty (30) days are reasonably required for its cure then
35 Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day
36 period and thereafter diligently prosecutes such cure to completion.

37 (b) Termination. Tenant agrees that if a Default should occur and should not be
38 cured within the time periods set forth above, it shall be lawful for Landlord to terminate this
39 Lease upon the giving of three (3) day written notice to Tenant. In addition thereto, Landlord
40 shall have such other rights or remedies as may be provided by law.

1 (c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect
2 either Landlord or Tenant's right to indemnification under any indemnification clause or clauses
3 set forth in this Lease.

4 (d) Cross Default. In the event of a breach or default by Tenant under any other
5 lease for space which is in the Building, such default shall, at the election of Landlord, constitute
6 a Default by Tenant under this Lease, and shall entitle Landlord to all remedies available to
7 Landlord under this Lease.

8 **15. LANDLORD DEFAULT.**

9 (a) Remedies. Notwithstanding the provisions for Landlord's default provided by
10 Sections 9(d), 10(c), and 21(b), Landlord shall be in default in the performance of any obligation
11 required to be performed by Landlord under this Lease only if Landlord has failed to perform
12 such obligation within twenty (20) days after the giving of written notice to Landlord with
13 respect thereto by Tenant (which notice shall be in accordance with notice given under Section
14 30(f); provided, however, that if the nature of such default is such that the same cannot
15 reasonably be cured within such twenty (20) day period, Landlord shall not be deemed to be in
16 default if Landlord shall within such period commence such cure and thereafter diligently
17 prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a
18 nature that it materially and substantially interferes with Tenant's occupancy and use of the
19 Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant
20 shall have the right, at its option, upon giving written notice to Landlord, to any one or more of
21 the following described remedies in addition to all other rights and remedies provided at law or
22 in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof
23 (including but not limited to attorneys' fees) plus interest at the rate of ten (10%) per annum from
24 the installments of Basic Rent next falling due or (ii) to pursue the remedy of specific
25 performance; or (iii) terminate the Lease. Other than any payment by Landlord under its
26 indemnity obligation set forth in Section 19(b) below and damages to the extent required to be
27 covered by Landlord's insurance pursuant to Section 20 hereof, in no event shall Tenant be
28 entitled to any consequential, special damages or other monetary damages, including but not
29 limited to damages for relocation or increased rental costs.

30 (b) Waiver. Nothing herein contained shall relieve Landlord from its duty to
31 effect the repair, replacement, correction or maintenance required to restore any affected
32 services, or to perform any other obligations to the standard prescribed in this Lease, nor shall
33 this Section be construed to obligate Tenant to undertake any such work.

34 (c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any
35 default without notice where the failure promptly to cure such default would, in the reasonable
36 opinion of Tenant, create or allow to persist an emergency condition or materially and adversely
37 affect the operation of Tenant's business in the Premises.

38 **16. ASSIGNMENT AND SUBLETTING.** Tenant may not assign, mortgage, encumber
39 or otherwise transfer this Lease or sublet the whole or any part of the Premises without first
40 obtaining Landlord's prior consent which Landlord shall not unreasonably withhold. Landlord's
41 consent shall be given or denied within thirty (30) days of receipt of written request. Should
42 there be no response within thirty (30) days the request shall be deemed approved by the

1 Landlord. Notwithstanding the foregoing, Tenant shall have the right at all times to allow
2 another government agency (including any government assignee, contractor or subcontractor
3 providing government services as are provided by Tenant) other than the Department of Health
4 Services, to use the Premises, without the Landlord's written consent so long as the intended use
5 is consistent and compatible with Tenant's use of the Premises in accordance with the terms of
6 Paragraph 1.(l) of this Lease. Tenant agrees to promptly notify Landlord of any such change in
7 tenancy.

8 **17. ALTERATIONS AND ADDITIONS.**

9 (a) Landlord Consent. Tenant shall not make any structural alterations,
10 improvements, additions, or utility installations in or about the Premises (collectively,
11 "Alterations") without first obtaining the written consent of Landlord, which consent shall not be
12 unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be
13 required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws;
14 (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the
15 systems or structure of the Building; and (4) such Alteration does not cost more than \$25,000 in
16 the aggregate. If Landlord fails to respond in writing within thirty (30) days of such request,
17 Landlord shall be deemed to approve the Alterations.

18 (b) End of Term. Tenant shall remove and repair as provided in Section 27 at its
19 own expense, all fixtures, equipment and all other personal property placed or installed in or
20 upon the Premises by Tenant, or under its authority (including any modular furniture).

21 **18. CONDEMNATION.**

22 (a) Controlling Terms. If during the Term, or during the period of time between
23 the execution of this Lease and the Commencement Date, there is any taking of all or any part of
24 the Premises or any interest in this Lease by Condemnation (as defined below), this Section
25 shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean
26 the exercise of any governmental power to take title to any portion of the Premises, whether by
27 legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or
28 transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such
29 power or while legal proceedings are pending for the exercise of such power. "Condemnor"
30 shall mean any public or quasi-public authority, or private corporation or individual, having the
31 power of Condemnation.

32 (b) Total Taking. If the Premises are totally taken by Condemnation, this Lease
33 shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of
34 Taking").

35 (c) Partial Taking. If any portion, but not all, of the Premises is taken by
36 Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this
37 Lease if more than ten percent (10%) of the Premises is taken and the remaining portion of the
38 Premises (including the space available for parking) is rendered unsuitable for Tenant's
39 continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise
40 its right to terminate by giving notice to Landlord within thirty (30) days after the date that the
41 nature and the extent of the Condemnation have been determined (the "Determination Date"),

1 which notice shall set forth the date of termination. Such termination date shall not be earlier
2 than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its
3 election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of
4 Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not
5 so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant
6 under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

7 (d) Restoration. Notwithstanding the preceding paragraph, if, within thirty (30)
8 days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to
9 the remaining Premises so that the area of the Premises and the space available for parking, will
10 be substantially the same after the Date of Taking as they were before the Date of Taking, and
11 Landlord commences the restoration promptly and, subject to reasonable allowance for delays
12 that are not caused by Landlord, completes it within one hundred twenty (120) days after
13 obtaining all necessary permits, this Lease shall continue in effect. All obligations of Tenant
14 under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or
15 reduced during the period from the Date of Taking until the completion of such restoration.

16 (e) Award. The Award (as defined below) shall be divided between Landlord
17 and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums
18 or anything of value awarded, paid or received on a total or partial Condemnation of the
19 Premises.

20 (f) Waiver of Statute. Landlord and Tenant hereby waive the provision of
21 California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the
22 superior court to terminate this Lease in the event of a partial taking of the Premises.

23 19. INDEMNIFICATION.

24 (a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord its
25 members, officers and directors harmless from and against all loss, cost and expense, including
26 attorneys' fees, arising from any injury or damage to any person or property, occurring in or
27 about the Building or Premises as a result of Tenant's use of the Premises or any grossly
28 negligent act or omission or willful misconduct of Tenant or its employees or invitees or arising
29 from any breach or default under this Lease by Tenant. The foregoing provisions shall not be
30 construed to make Tenant responsible for loss, damage, liability or expense resulting from
31 injuries to third parties caused by the gross negligence or willful misconduct of Landlord, or its
32 officers, contractors, licensees, agents, employees or invitees.

33 (b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant
34 harmless from and against all loss, cost and expense, including attorneys' fees, arising from any
35 injury to any person or damage to any property, occurring in or about the Building or Premises
36 (i) as a result of any grossly negligent act, omission or willful misconduct of Landlord, or its
37 officers, contractors, licensees, agents, employees, guests, or visitors or, (ii) as a result of any
38 breach or default under the Lease by Landlord. The foregoing provisions shall not be construed
39 to make Landlord responsible for loss, damage, liability or expense resulting from injuries to
40 third parties caused by the negligence or willful misconduct of Tenant, or its officers,
41 contractors, licensees, agents, employees or invitees.

1 20. INSURANCE.

2 (a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain
3 the following insurance:

4 (i) Commercial property insurance which shall (1) cover damage to
5 Landlord's property, including improvements and betterments, from perils covered by the causes-
6 of-loss special form (ISO form CP 10 30 or its equivalent), and include ordinance or law
7 coverage (and coverage against acts of terrorism to the extent such coverage is reasonably
8 available and priced at commercially reasonable rates) and (2) be written for full replacement
9 cost of the property, with a deductible of no greater than 5% of the property value.

10 (ii) General liability insurance (written on ISO policy form CG 00 01 or
11 its equivalent) with limits of not less than the following: (1) per occurrence and general
12 aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and
13 (3) personal and advertising injury of \$1,000,000. These limits can be comprised of a
14 combination of primary and umbrella liability policies on a following form basis.

15 (iii) Failure by Landlord to maintain the insurance required by this
16 Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds
17 to timely repair and restore the Premises shall constitute a material breach of this Lease but only
18 if Landlord has failed to perform such obligation within twenty (20) days after the giving of
19 written notice to Landlord with respect thereto by Tenant, provided, however, if the nature of
20 such default is such that the same cannot be reasonably cured within such twenty (20) day
21 period, Landlord shall not be deemed to be in default if Landlord shall within such period
22 commence such cure and thereafter diligently prosecute the same to completion.

23 (b) Insurance Requirements. All insurance policies required to be maintained by
24 Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of
25 "AVII" or better and which are qualified to do business in the State of California. All liability
26 and property damage and other casualty policies of Tenant shall be written as primary policies,
27 not contributing with, and not in excess of coverage which Landlord may carry.

28 (c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of
29 this Lease and thereafter at the expiration of any insurance required to be carried hereunder,
30 certificates of insurance evidencing this coverage with limits not less than those specified above.
31 Certificates must document that each party has named the other as an additional insured (or its
32 equivalent) on its general liability and property insurance policy, and that Tenant has been
33 named a loss payee on Landlord's commercial property insurance policy, as required. Further,
34 all certificates shall expressly provide that no less than thirty (30) days' prior written notice shall
35 be given to Tenant in the event of an expiration or cancellation of the coverages or policies
36 evidenced by the certificates.

37 (d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights
38 of subrogation against one another to the extent it is covered by the property insurance policies
39 required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the
40 foregoing waiver of rights of subrogation against Tenant.

1 (e) Tenant's Insurance. During the term of this Lease, Tenant will maintain in full
2 force and effect the types and amounts of insurance described below with respect to the Premises
3 and Tenant's employees (Tenant, at its sole option, shall use commercial insurance and/or self-
4 insurance or any combination thereof to satisfy these requirements):
5

	<u>Types</u>	<u>Amounts</u>
(a)	Worker's Compensation	In accordance with applicable statutes
(b)	Employer's Liability	\$1,000,000 bodily injury each accident \$1,000,000 bodily injury by disease
(c)	General Liability	\$5,000,000 each occurrence combined single limit bodily injury and property damage (which can be comprised of a combination of primary and umbrella policies on a following form basis)
(d)	Auto	\$1,000,000 each occurrence combined single limit bodily injury and property damage (which can be comprised of a combination of primary and umbrella policies on a following form basis)

6 Landlord shall be named as an additional insured under the coverage required under (c) above.
7 Furthermore, the policies listed in (a) and (b) above shall contain waiver of subrogation
8 provisions in favor of Landlord and shall be primary and noncontributory to insurance
9 maintained by Landlord.

10
11 All insurance required to be carried hereunder other than self-insurance shall be evidenced by
12 valid and enforceable policies, issued by financially sound and responsible insurance carriers
13 authorized or permitted to do business in the state in which the Premises are located, and having
14 a Best's Policyholder Rating of not less than A VII.

15
16 Tenant will provide Landlord with an appropriate certificate of insurance for such policies or
17 self-insurance, as applicable, evidencing the insurance coverage required hereunder at the
18 commencement of this Lease and when requested by Landlord, and in the case of insurance
19 policies, at each subsequent renewal of such coverage. Replacement certificates will be sent if
20 policies are replaced or materially modified. Each certificate will state that at least 30 days'
21 notice shall be given to Landlord prior to the cancellation of any policy.

22 21. PARKING.

23 (a) Tenant's Rights. Tenant shall have the right to the number of parking stalls
24 set forth in Section 1 on a nonexclusive basis without charge for the Term of this Lease. No
25 tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's
26 parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord
27 from time to time, provided that such procedures shall be uniformly applied to all tenants.
28 Tenant acknowledges that all parking spaces are not for the exclusive use of Tenant, rather, all
29 such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant
30 and other tenants, occupants, licensees, invitees and permittees of the Building. Landlord may

1 substitute parking spaces assigned to Tenant with parking spaces at adjacent properties (within
2 500 feet) on a temporary, as needed, basis.

3 (b) Remedies. Landlord shall use his best efforts to provide Tenant with forty-
4 five (45) unreserved spaces at all times during the Term of this Lease. If Landlord provides less
5 than forty-five (45) spaces, Tenant may at its sole discretion, negotiate with Landlord for an
6 equitable reduction in the Basic Rent based upon the Fair Market Value, estimated to be \$100
7 per space, of such parking or the loss of such parking if not reasonably timely replaced.

8 22. ENVIRONMENTAL MATTERS

9 (a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of
10 Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or
11 subtenants to cause or permit, any Hazardous Materials to be brought upon, stored,
12 manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or
13 about the Premises, the Building or the Common Areas, except for routine office and janitorial
14 supplies in usual and customary quantities stored, used and disposed of in accordance with all
15 applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical,
16 substance, material, controlled substance, object, condition, waste, living organism or
17 combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous
18 to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity,
19 reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or
20 other harmful or potentially harmful properties or effects, including, without limitation, molds,
21 toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products,
22 asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances
23 defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended
24 from time to time) and all of those chemicals, substances, materials, controlled substances,
25 objects, conditions, wastes, living organisms or combinations thereof which are now or become
26 in the future listed, defined or regulated in any manner by any Environmental Law based upon,
27 directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means
28 any and all federal, state or local environmental, health and/or safety-related laws, regulations,
29 standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines,
30 permits or permit conditions, currently existing and as amended, enacted, issued or adopted in
31 the future which are or become applicable to Tenant, the Premises, the Building or the Common
32 Areas.

33 (b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel
34 acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments,
35 causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at
36 any time during or after the Term as a result (directly or indirectly) of or in connection with the
37 presence of Hazardous Materials on, under or about the Premises, Building or Common Areas
38 but only if the presence of Hazardous Materials is caused by a violation of laws relating to
39 Hazardous Materials other than caused by Tenant. This indemnity shall include, without
40 limitation, the cost of any required or necessary repair, cleanup or detoxification, and the
41 preparation and implementation of any closure, monitoring or other required plans, as such
42 action is required by local or state laws or any governmental agency. Landlord shall promptly
43 deliver to Tenant a copy of any notice received from any governmental agency during the Term
44 of this Lease concerning the presence of Hazardous Materials in the Building or the Premises.

1 Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or
2 termination of this Lease. A default by Landlord under this Section shall constitute a material
3 default under this Lease after the expiration of the notice and cure period set forth in Section
4 30(m).

5 23. ESTOPPEL CERTIFICATES. Tenant shall, within twenty (20) business days after
6 written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a
7 written statement in the form of Document II in the Supplemental Lease Documents delivered to
8 Landlord concurrently herewith (properly completed) but shall have no other obligation to
9 deliver any other form of estoppel certificate. It is intended that any such statement delivered
10 pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or
11 holder of any mortgage upon Landlord's interest in the Premises.

12 24. TENANT IMPROVEMENTS. Except as provided herein, prior to the
13 Commencement Date, Landlord shall construct the Base Tenant Improvements in the manner set
14 forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

15 25. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any
16 liens arising out of any work performed or materials ordered or obligations incurred by Tenant.
17 Landlord shall keep its interest in this Lease and the Premises free from any liens which would
18 impair the interest of Tenant hereunder, Tenant and Landlord each hereby indemnifies and holds
19 the other harmless from any liability or loss from any such lien permitted by Tenant or Landlord
20 respectively.

21 26. SUBORDINATION AND MORTGAGES.

22 (a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to
23 subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force
24 against the Building; provided, however, Tenant's obligation to subordinate this Lease is
25 expressly conditioned upon Tenant receiving a written agreement in the form of Document I in
26 the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided
27 further that no such subordination shall affect any option to extend the Term of this Lease.

28 (b) Existing Deeds of Trust. The beneficiary under any existing deed of trust
29 affecting the Building shall provide a written agreement to Tenant in the form of Document I in
30 the Supplemental Lease Documents, delivered to Landlord concurrently herewith within thirty
31 (30) days after the execution of this Lease.

32 (c) Request for Notice. Landlord acknowledges that Tenant intends to record a
33 Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the
34 form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently
35 herewith.

36 (d) Notice of Default. If any mortgagee or beneficiary under a deed of trust
37 affecting the Property gives written notice of its name and address to Tenant by registered mail
38 requesting any such notice with reference to this Section, Tenant agrees to use its best efforts
39 (but without liability for failure to do so) to give such mortgagee a copy of any notice of Default

1 served upon Landlord hereunder which could permit Tenant to terminate this Lease and an
2 additional ten (10) days within which to cure such Default.

3 27. SURRENDER OF POSSESSION. Tenant agrees to return the Premises to Landlord
4 in as good condition as when rented, ordinary wear and tear, damage by earthquake, fire or the
5 elements and other such disasters or casualty excepted to the extent not caused by Tenant. As
6 between Tenant and Landlord, Tenant shall be responsible to Landlord for any and all damage to
7 the Premises by Tenant and any of Tenant's agents, servants, employees, customers or invitees.
8 Tenant shall remove and repair all damage caused by such removal, at its own expense, all
9 fixtures, equipment and all other personal property placed or installed in or upon the Premises by
10 Tenant, or under its authority (including any modular furniture).

11 28. SIGNAGE. Tenant shall be permitted, at Tenant's sole cost and expense, to install at
12 the Premises reasonably appropriate signs that are consistent with the remainder of the buildings
13 on the Property and that conform with any and all applicable laws and ordinances.

14 29. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall
15 have the right to the quiet and peaceful enjoyment and possession of the Premises and the
16 Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

17 30. GENERAL.

18 (a) Headings. Titles to Sections of this Lease are not a part of this Lease and
19 shall have no effect upon the construction or interpretation of any part hereof.

20 (b) Successors and Assigns. All of the covenants, agreements, terms and
21 conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant
22 and their respective successors and assigns.

23 (c) Entire Agreement. This Lease (and the Landlord's Work Letter and
24 Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant
25 relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the
26 Building and other matters set forth in this Lease. No prior agreements or understanding
27 pertaining to the same shall be valid or of any force or effect and the covenants and agreements
28 of this Lease shall not be altered, modified or added to except in writing signed by both Landlord
29 and Tenant.

30 (d) Severability. Any provision of this Lease which shall prove to be invalid,
31 void or illegal shall in no way affect, impair or invalidate any other provision hereof and the
32 remaining provisions hereof shall nevertheless remain in full force and effect.

33 (e) Brokers. Landlord and Tenant each represent and warrant to each other
34 that it has not engaged any broker, finder or other person who would be entitled to any
35 commission or fees in respect of the negotiation, execution or delivery of this Lease other than as
36 set forth in this Lease and shall indemnify and hold harmless each other against any loss, cost,
37 liability or expense incurred by the other party as a result of any claim asserted by any such
38 broker, finder or other person on the basis of any arrangements or agreements made or alleged to
39 have been made in variance with this representation.

1 (f) Notices. All notices and communications to any party hereunder shall be in
2 writing and shall be deemed properly given if delivered personally, sent by registered or certified
3 mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of
4 delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's
5 Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been
6 given as of the date of delivery (whether accepted or refused) established by U.S. Post Office
7 return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice
8 not so given shall be deemed given upon receipt of the same by the party to whom the same is to
9 be given.

10 (g) Governing Law and Forum. This Lease shall be governed by and construed
11 in accordance with the internal laws of the State of California. Any litigation with respect to this
12 Lease shall be conducted in the County of Los Angeles, State of California.

13 (h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be
14 deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or
15 Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any
16 act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to
17 or approval of any subsequent act by Landlord or Tenant.

18 (i) Time of Essence. Time is of the essence for the performance of all of the
19 obligations specified hereunder.

20 (j) Consent. Whenever any consent is required by Landlord or Tenant hereunder,
21 such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise
22 specifically provided herein, shall be deemed granted if not refused within thirty (30) days after
23 written request is made therefore, together with all necessary information.

24 (k) Community Business Enterprises. Landlord shall complete and deliver to
25 Tenant concurrently with the execution hereof a Community Business Enterprises form set forth
26 as Document IV in the Supplemental Lease Documents delivered to Landlord concurrently
27 herewith.

28 (l) Memorandum of Lease. If requested by Tenant, Landlord and Tenant shall
29 execute and acknowledge a Memorandum of Lease in the form of Document IV in the
30 Supplemental Lease Documents delivered to Landlord concurrently herewith, which
31 Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

32 (m) Notice and Cure. If, for a specific failure of performance by Landlord under
33 this Lease or in any document executed in connection with this Lease, there is no notice and cure
34 period, then Landlord shall be in default under this Lease or such document only if Landlord has
35 failed to perform such obligation within twenty (20) days after its receipt of written notice to
36 Landlord with respect thereto by Tenant (in accordance with Section 30(e)), provided, however,
37 if the nature of such default is such that the same cannot be reasonably cured within such twenty
38 (20) day period, Landlord shall not be deemed to be in default if Landlord shall within such
39 period commence such cure and thereafter diligently prosecute the same to completion.

1 31.1. AUTHORITY. Only the Board of Supervisors has the authority, by formally
2 approving and/or executing this Lease, to bind the County to the terms included herein. Each
3 individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly
4 authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding
5 upon Tenant in accordance with its terms. Landlord understands that no material terms of this
6 Lease may be altered or deleted, nor may any new material terms be added to this Lease, without
7 the express written approval of the Board of Supervisors, either through an amendment to the
8 Lease or by other formal board action. No County officer, employee, agent or independent
9 contractor has any authority to alter, add or delete the material terms of this Lease and Landlord
10 may not rely upon any representations to the contrary. This limitation of authority applies to all
11 material terms of the Lease including, without limitation, any monetary ceiling established for
12 Tenant Improvements or other project costs of Landlord which are subject to reimbursement by
13 County. County shall not reimburse Landlord for any expenses which exceed this ceiling.
14 Notwithstanding the foregoing, the Chief Administrative Officer of the County or its delegee (the
15 "Chief Administrative Officer") may take any administrative act on behalf of Tenant hereunder
16 which does not have the effect of increasing Basic Rent or other financial obligations of Tenant
17 under this Lease, including without limitation, granting any approvals, terminating this Lease in
18 the manner provided herein by an Early Termination Notice or otherwise, signing estoppel
19 certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms
20 or subordinating this Lease. Each individual executing this Lease on behalf of Landlord
21 represents and warrants that he or she is duly authorized to execute and deliver this Lease on
22 behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

23 31.2. LENDER'S APPROVAL. This Lease shall have no force or effect unless and
24 until Landlord receives written final and unconditional approval of this Lease from the following
25 lender: Wachovia Bank National Association, and, if applicable, its loan servicing company.
26 The lender approval required pursuant to this subsection as a condition to the effectiveness of
27 this Lease are herein referred to as "Lender's Approval".

28 31.3 RELATIONSHIP OF THIS LEASE AND THE HOUSING AUTHORITY
29 LEASE. The parties acknowledge that this Lease and the Housing Authority Lease were
30 originally negotiated by Landlord and Tenant as one entire lease agreement, with Tenant to use
31 the space for two departments, but at Tenant's request Landlord agreed to enter into two,
32 separate but parallel leases, with the mutual understanding that each lease shall be dependent
33 upon the effectiveness and existence of the other lease. Based upon the foregoing, Landlord and
34 Tenant each hereby acknowledge and agree that, (1) in addition to all other conditions to the
35 effectiveness of this Lease contained in this Lease, this Lease is also expressly conditioned upon
36 the approval, execution, delivery and commencement of the Housing Authority Lease, and (2)
37 the effectiveness of Tenant's exercise of any option or right under this Lease which effects the
38 commencement or expiration of the term of this Lease, is expressly conditioned upon the timely
39 and proper exercise of the parallel option or right contained in the Housing Authority Lease so
40 that both leases shall remain coterminous.

41 32. ACKNOWLEDGEMENT BY LANDLORD.

42 Landlord acknowledges that it is aware of the following provisions:

1 (a) Consideration of GAIN Program Participants. Should Landlord require
2 additional or replacement personnel after the effective date of this Lease, Landlord shall give
3 consideration for any such employment, openings to participants in the County Department of
4 Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet
5 Landlord's minimum qualifications for the open position. The County will refer GAIN
6 participants by job category to Landlord.

7 (b) Solicitation of Consideration. It is improper for any County officer,
8 employee or agent to solicit consideration in any form from a landlord with the implication,
9 suggestion or statement that the landlord's provision of the consideration may secure more
10 favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide
11 such consideration may negatively affect the County's consideration of the landlord's offer to
12 lease. A landlord shall not offer or give, either directly or through an intermediary, consideration
13 in any form to a County officer, employee or agent for the purpose of securing favorable
14 treatment with respect to the award of the Lease.

15 Landlord shall immediately report any attempt by a County officer, employee or
16 agent to solicit such improper consideration. The report shall be made either to the County
17 manager charged with the supervision of the employee or to the County Auditor-Controller's
18 Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation
19 may result in the landlord's submission being eliminated from consideration.

20 (c) Landlord Assignment.

21 (i) Landlord may assign, transfer, mortgage, hypothecate or encumber
22 Landlord's right, title and interest in and to this Lease or any portion thereof (including the right
23 to receive rental payments but excluding its duties and obligations hereunder unless in
24 connection with a direct or indirect sale of the Property), and Landlord may execute any and all
25 instruments providing for the payment of Basic Rent directly to an assignee or transferee, but
26 only if the conditions set forth in this Section are met.

27 (ii) Any document or agreement purporting to assign, transfer, mortgage,
28 hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion
29 thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is
30 executed without full compliance with the requirements of this Section shall be void as it regards
31 this Lease.

32 (iii) Each assignee or transferee under the Security Agreement shall
33 certify and agree in writing that such assignee or transferee has read and is familiar with the
34 requirements of Sections 5950-5955 of the California Government Code, which prohibit the
35 offer or sale of any security constituting a fractional interest in this Lease or any portion thereof,
36 without the prior written consent of the County.

37 (iv) Violation by Landlord of the provisions of Section 5951 of the
38 California Government Code will constitute a material breach of this Lease, upon which the
39 County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the
40 aggregate principal portion of all rental payments payable by the County during the entire Term
41 of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated

1 damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid
2 amount is presumed to be the amount of damages sustained by reason of any such violation,
3 because from the circumstances and nature of the violation it would be impracticable and
4 extremely difficult to fix actual damages. In addition, the County may exercise or pursue any
5 other right or remedy it may have under this Lease or applicable law.

6 (v) Landlord shall give the County notice and a copy of each Security
7 Agreement and any other instrument relating thereto (including, but not limited to, instruments
8 providing for the payment of Basic Rent directly to an assignee or transferee) at least two weeks
9 prior to the effective date thereof.

10 (vi) Landlord shall not furnish any information concerning County or the
11 subject matter of this Lease (including, but not limited to, offering memoranda, financial
12 statements, economic and demographic information, and legal opinions rendered by the office of
13 counsel for the County) to any person or entity other than Landlord's members, agents,
14 employees, attorneys, accountants, lenders, and others who have a reasonable need to know,
15 except with County's prior written consent. The foregoing shall not apply to any information
16 which is available to the general public. Landlord shall indemnify, defend and hold County and
17 its officers, agents and employees harmless from and against all claims and liability alleged to
18 arise from the inaccuracy or incompleteness of any information furnished by Landlord in
19 violation of this Section.

20 (vii) The provisions of this Section shall be binding upon and applicable
21 to the parties hereto and their respective successors and assigns. Whenever in this Section
22 Landlord is referred to, such reference shall be deemed to include Landlord's successors or
23 assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and
24 apply to Landlord's successors and assigns whether so expressed or not.

25 33. IRREVOCABLE OFFER. In consideration for the time and expense that Tenant will
26 invest, including, but not limited to, preliminary space planning, legal review, and preparation
27 and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles
28 County in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of
29 this Lease, Landlord, subject to the condition of receipt by Landlord of Lender's Approval as set
30 forth in Section 31.2, irrevocably offers to enter into this Lease and not to revoke this offer until
31 the Irrevocable Offer Expiration Date, as defined in Section 1.

32 **[SIGNATURES ON FOLLOWING PAGE]**

1 IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

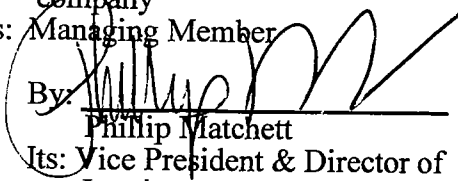
LANDLORD:

AP-PALMDALE LLC, a
California limited liability company

By: DGA-Properties II LLC, a
Delaware limited liability company
Its: Managing Member

By: Abbey-Properties LLC, a
California limited liability
company

Its: Managing Member

By: 
Phillip Matchett
Its: Vice President & Director of
Leasing

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Name: _____
Mayor, Board of Supervisors

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

County Counsel
RAYMOND G. FORTNER JR>

By: _____
Principal Deputy:
Kathleen Dougherty Felice

EXHIBIT A
PLAN OF PREMISES

(see attached)

EXHIBIT A-1
LEGAL DESCRIPTION

(see attached)

EXHIBIT A

PLAN OF PREMISES

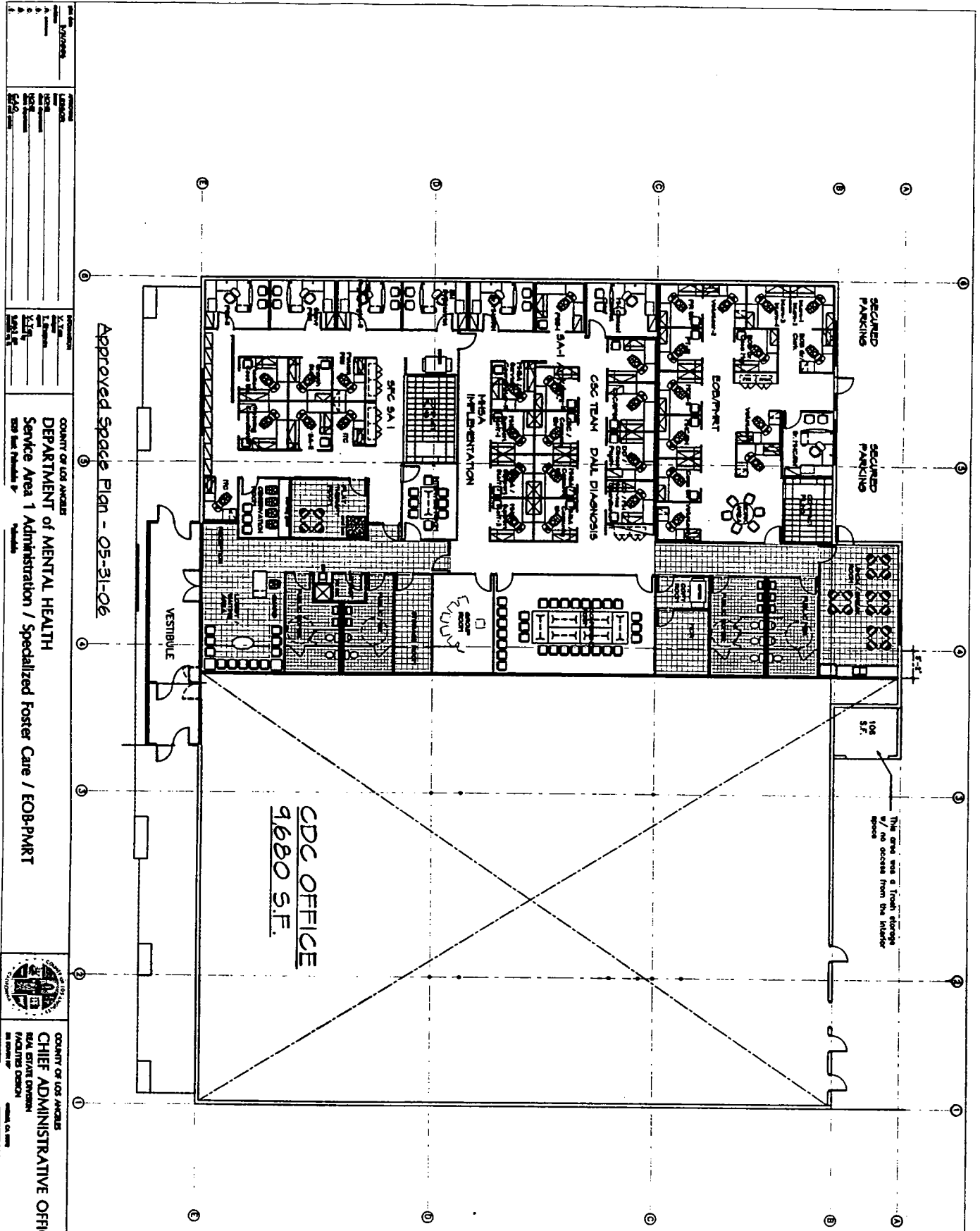


EXHIBIT A-1

LEGAL DESCRIPTION

A Parcel of Land located in the state of California, County of Los Angeles, with a situs address of 2323 E. Palmdale Blvd., Palmdale, CA 93550-4957 currently owned by AP Palmdale LLC having a Tax Assessor number of 3018-014-068 and being the same property more fully described as parcel map as per Bk 185 P 1-5 of P M Lot 8 and described in document number 2100652 recorded 12/31/1996

EXHIBIT B

PRELIMINARY BUDGET

(to be
attached)

County of LA depart of Mental Health
 Suite A
 2323 East Palmdale Blvd., Suite A
 Palmdale,ca.

Budget Only TI 4080-01-2323-A
 NL Services # 06-146
 Date: 6/27/2006
 Square Footage: 9087

WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
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Division 7 Thermal Protection

Insulation		Cost per SF	\$0.96		\$8,689.20
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Flexible batts or rolls R13	13368	SF	\$0.65	\$8,689.20	
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Roofing		Cost per SF			\$29,532.75
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allowance for new roof	9087	Each	\$3.25	\$29,532.75	
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Division 8 Doors & Windows

Doors & Frames		Cost per SF	\$2.91		\$26,475.00
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Inter Singel Door 20 min label Pre- Mach	27	Each	\$400.00	\$10,800.00	
Add door closures surface mounted	27	Each	\$175.00	\$4,725.00	
add for Lever Handicap Latch set	27	Each	\$225.00	\$6,075.00	
add for door Frame	27	Each	\$175.00	\$4,725.00	
add Relocate existing Door	0	Each	\$200.00	\$0.00	
Keying	3	Lot	\$0.00	\$0.00	
Stocking	1	Lot	\$150.00	\$150.00	

Glazing		Cost per SF	\$7.28		\$66,131.00
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1/4" Clear Tempered Glass	48	SF	\$10.00	\$480.00	
1/4" mirror one side glass	32	SF	\$23.00	\$736.00	
Herculite Single Door	2	Each	\$1,775.00	\$3,550.00	
Herculite Pair's Door	1	Each	\$2,645.00	\$2,645.00	
Mirror	60	SF	\$12.00	\$720.00	
Store Front and Structual Engineer Allowance	1	lot	\$58,000.00	\$58,000.00	

Division 9 Finishes

Drywall		Cost per SF	\$5.34		\$48,500.00
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Ceiling Height Wall (12' height)	770	LF	\$48.00	\$36,960.00	
Furred Wall	388	LF	\$17.50	\$6,790.00	
Drywall Ceiling Non-rated	800	SF	\$4.00	\$3,200.00	
Fire Extinguisher Cabinet Frame-in	6	Each	\$75.00	\$450.00	
Access Panels	2	Each	\$200.00	\$400.00	
Stocking	1	Lot	\$700.00	\$700.00	

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Division 2 Site Work

Demolition			Cost per SF	\$0.00	\$36,348.00
Demo to shell condition	9087	sf	\$4.00	\$36,348.00	
Sawcut concrete	0	LF	\$2.00	\$0.00	
Break up concrete	0	SF	\$5.00	\$0.00	
Remove Concrete	0	SF	\$4.00	\$0.00	

Division 3 Concrete

Concrete			Cost per SF	\$0.10	\$905.00
Floor Leveling	0	SF	\$1.25	\$0.00	
Epoxy coating	0	SF	\$0.75	\$0.00	
Concrete Yards min 3 yds	4	Each	\$145.00	\$580.00	
Concrete Pumping	1	Lot	\$325.00	\$325.00	

Division 4 Masonry

Stone Flooring			Cost per SF	\$0.00	
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Division 5 Metals

Miscellaneous Metal			Cost per SF	\$0.00	
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Division 6 Wood & Plastics

Millwork			Cost per SF	\$0.38	\$3,480.00
Plastic Laminate Cabinetry					
Base Cabinet 24" deep	12	LF	\$135.00	\$1,620.00	
Upper Cabinet 30" high	12	LF	\$120.00	\$1,440.00	
Work-surface Counter Top 24" deep	12	LF	\$35.00	\$420.00	
Rough Framing			Cost per SF	\$0.01	\$125.00
4x8 Tele. Backboard Fire rated	1	Each	\$125.00	\$125.00	
Rough Blocking	0	LF	\$0.00	\$0.00	

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Square Footage: 9087

WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
Ceramic Tile	Cost per SF		\$1.50		\$13,660.00
Ceramic Floor Tile 2x2	800	SF	\$8.00	\$6,400.00	
Ceramic Tile Wall Tile 4x4 thin set	880	SF	\$8.25	\$7,260.00	
Acoustical	Cost per SF		\$3.35		\$30,404.88
Suspended Ceilings repair	0	Lot	\$250.00	\$0.00	
2x4 Building Std. Grid & Tile	8287	SF	\$1.85	\$15,330.95	
2x2 Building Std. Grid & Tile	0	SF	\$3.50	\$0.00	
1x1 Building Std. Grid & Tile	0	LF	\$5.50	\$0.00	
Light Wires @ Fixtures	119	Each	\$3.00	\$357.00	
Compression Posts	8287	SF	\$0.07	\$580.09	
Add For Wall Angle	1605	LF	\$2.75	\$4,413.75	
Sonex Wall Panels	0	SF	\$4.00	\$0.00	
Open & Close Ceiling on Floor Below	0	Lot	\$325.00	\$0.00	
Sound Attenuational					
Blanket 3/4" thick	0	SF	\$4.00	\$0.00	
Blanket 1" thick	0	SF	\$5.00	\$0.00	
Acoustical Batt above ceiling 3" thick	9087	SF	\$1.07	\$9,723.09	
Acoustical Batt above ceiling 4" thick	0	SF	\$1.23	\$0.00	
Floor Coverings	Cost per SF		\$3.68		\$33,401.70
Carpet tiles	5843	SF	\$4.65	\$27,169.95	
Base (Burke)	0	LF	\$1.30	\$0.00	
Vinyl Base	1605	LF	\$1.15	\$1,845.75	
Vinyl Composition Tile - Excelon	2444	SF	\$1.50	\$3,666.00	
Vinyl Composition Tile - Antistatic	0	SF	\$4.50	\$0.00	
Sheet Vinyl 1/8 gauge	0	SF	\$3.00	\$0.00	
Sheet Vinyl self coving 5"	0	LF	\$6.50	\$0.00	
Transition reducers	0	LF	\$1.50	\$0.00	
Floor Prep	16	Hr	\$45.00	\$720.00	

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WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
Wallfinishes	Cost per SF		\$0.72		\$6,523.20

Paint Walls - Eggshell	19260	SF	\$0.32	\$6,163.20	
Paint Drywall Ceiling - Flat Paint	800	SF	\$0.45	\$360.00	

Division 10 Specialties

Toilet Partitions	Cost per SF		\$1.06		\$9,665.00
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Floor & Ceiling Anchored, painted metal	0	Each	\$550.00	\$0.00	
Floor & Ceiling Anchored, painted metal, ADA	4	Each	\$830.00	\$3,320.00	
Floor & Ceiling Anchored, SS	0	Each	\$1,400.00	\$0.00	
Floor Anchored, painted metal	0	Each	\$450.00	\$0.00	
Floor Anchored, painted metal, ADA	3	Each	\$730.00	\$2,190.00	
Floor Anchored, SS	0	Each	\$1,300.00	\$0.00	
Urinal Screens floor mounted	0	Each	\$270.00	\$0.00	
Urinal Screens post braced	0	Each	\$315.00	\$0.00	
Urinal Screens wall hung	3	Each	\$315.00	\$945.00	
Toilet Accessories	7	Lot	\$350.00	\$2,450.00	
Grab Rails 42"	4	Each	\$70.00	\$280.00	
Grab Rails 36"	4	Each	\$60.00	\$240.00	
Soap Dispensers	6	Each	\$40.00	\$240.00	

Access Flooring	Cost per SF		\$0.00		
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Signage	Cost per SF		\$0.03		\$240.00
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Restroom Signage	4	Each	\$60.00	\$240.00	
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Specially Equipment	Cost per SF		\$0.00		\$0.00
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Projection Screen	0	Each	\$1,850.00	\$0.00	
Folding Wall	0	LF	\$400.00	\$0.00	

Division 11 Equipment

Appliances	Cost per SF		\$0.00		\$0.00
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Dishwasher	0	Each	\$850.00	\$0.00	
Microwave	0	Each	\$400.00	\$0.00	
Under counter Refrigerator w/ Ice	0	Each	\$750.00	\$0.00	
Full Height Refrigerator w/ Ice	0	Each	\$995.00	\$0.00	

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WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
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Division 12 *Furnishings*

Window Covering		Cost per SF	\$1.65		\$15,000.00
Window treatment Allowance	1	lot	\$15,000.00	\$15,000.00	
Vertical Blinds measurements	0	Each	\$85.00	\$0.00	
Macho Shade Manual	0	SF	\$7.00	\$0.00	
Black Out Drapes	0	LF	\$55.00	\$0.00	
Clean Existing Blinds	0	Each	\$12.00	\$0.00	

Division 15 *Mechanical*

Fire Extinguishers		Cost per SF	\$0.20		\$1,800.00
5 lb ABC	0	Each	\$35.00	\$0.00	
5 LB ABC w/cabinet	6	Each	\$300.00	\$1,800.00	
Fire Sprinklers		Cost per SF	\$2.00		\$18,174.00
Upright Heads	0	Each	\$75.00	\$0.00	
Relocate & Add Semi Recessed Heads	0	Each	\$105.00	\$0.00	
Concealed Heads	0	Each	\$120.00	\$0.00	
Main Line Relocation	0	Lot	\$0.00	\$0.00	
Branch Line Relocation	0	LF	\$0.00	\$0.00	
Fire Sprinkler Allowance	9087	sf	\$2.00	\$18,174.00	
Engineering	0	Lot	\$0.00	\$0.00	
Permit	0	Lot	\$0.00	\$0.00	

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WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
Plumbing	Cost per SF		\$6.23		\$56,620.00
Form afar Rough - In Water, Waste & Vent	220	LF	\$125.00	\$27,500.00	
Kitchen Sink single PE	0	Each	\$450.00	\$0.00	
Kitchen Sink single SS	0	Each	\$350.00	\$0.00	
For rough-in, supply, waste and vent	0	Each	\$415.00	\$0.00	
Kitchen Sink double PE	1	Each	\$475.00	\$475.00	
Kitchen Sink double PE	0	Each	\$400.00	\$0.00	
For rough-in, supply, waste and vent	13	Each	\$450.00	\$5,850.00	
Wet Bar	0	Each	\$550.00	\$0.00	
Lavatory sink	10	Each	\$300.00	\$3,000.00	
Instahot Unit	0	Each	\$275.00	\$0.00	
Hot Water Heater 30 gal	1	Each	\$700.00	\$700.00	
Hot Water Heater 10 gal electric	0	Each	\$350.00	\$0.00	
Water Purifier Everpure	0	Each	\$0.00	\$0.00	
Connect Appliances	0	Each	\$85.00	\$0.00	
Water Line Ice / Coffee	1	Each	\$75.00	\$75.00	
Garbage Disposal	1	Each	\$150.00	\$150.00	
Floor Sink	1	Each	\$650.00	\$650.00	
Floor Drain	4	Each	\$500.00	\$2,000.00	
Water Closets, floor mounted, two piece	0	Each	\$285.00	\$0.00	
For rough-in, supply, waste and vent	0	Each	\$380.00	\$0.00	
Bowl only, with flush valve, seat	7	Each	\$775.00	\$5,425.00	
For rough-in, supply, waste and vent	7	Each	\$985.00	\$6,895.00	
Urinal porcelain	3	Each	\$315.00	\$945.00	
For rough-in, supply, waste and vent	3	Each	\$985.00	\$2,955.00	
Laundry sink Plastic on legs	0	Each	\$625.00	\$0.00	
Cap Existing Plumbing	0	Each	\$125.00	\$0.00	
Water Filtration System (no distilled)	0	Each	\$1,200.00	\$0.00	
Engineering	1	Lot	\$0.00	\$0.00	
Permit	1	Lot	\$0.00	\$0.00	

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 Square Footage: 9087

WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
HVAC			Cost per SF	\$6.45	\$58,627.00
Air Distribution	9087	SF	\$1.00	\$9,087.00	
T-sat	10	Each	\$125.00	\$1,250.00	
Supply Diffuser	0	Each	\$85.00	\$0.00	
Return Grill	0	Each	\$50.00	\$0.00	
Exhaust Fans	4	Each	\$100.00	\$400.00	
Interior zone	0	Each	\$750.00	\$0.00	
Exterior zone with heat	0	Each	\$1,250.00	\$0.00	
Fire Dampers (allowance)	0	Lot	\$400.00	\$0.00	
Smoke / Fire Dampers	0	Each	\$375.00	\$0.00	
HVAC Demolition	0	Lot	\$0.00	\$0.00	
New 5 Ton A/C Unit	10	Each	\$4,350.00	\$43,500.00	
R & R 5 Ton A/C Unit	0	Each	\$3,500.00	\$0.00	
New 3 Ton A/C Unit	0	Each	\$3,245.00	\$0.00	
R & R 3 Ton A/C Unit	0	Each	\$3,000.00	\$0.00	
New 2 Ton A/C Unit redundant air	2	Each	\$2,195.00	\$4,390.00	
R & R 2 Ton A/C Unit	0	Each	\$1,800.00	\$0.00	
1-1/2 Ton Mini Mate Air Cooled	0	Each	\$1,565.00	\$0.00	
Engineering	1	Lot	\$0.00	\$0.00	
Permit	1	Lot	\$0.00	\$0.00	

County of LA depart of Mental Health
Suite A
2323 East Palmdale Blvd., Suite A
Palmdale,ca.

Budget Only TI 4080-01-2323-A
NL Services # 06-146
Date: 6/27/2006
Square Footage: 9087

WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
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Division 16 Electrical

Electric		Cost per SF	\$9.95		\$90,370.55
2x4 Flour. Fixture / Prismatic Lens	0	Each	\$90.00	\$0.00	
2x2 Flour. Fixture / Prismatic Lens	0	Each	\$85.00	\$0.00	
1x4 Flour. Fixture / Prismatic Lens	4	Each	\$85.00	\$340.00	
2x4 Parabolic Fixtures	119	Each	\$125.00	\$14,875.00	
2x2 Parabolic Fixtures	0	Each	\$120.00	\$0.00	
1x4 Parabolic Fixtures	0	Each	\$115.00	\$0.00	
Wall-washers	0	Each	\$300.00	\$0.00	
Downlights	0	Each	\$250.00	\$0.00	
Pendant Light Fixture	0	Each	\$270.00	\$0.00	
Wall Sconces	0	Each	\$275.00	\$0.00	
Strip Lights	0	LF	\$25.00	\$0.00	
Staggered Strip Lights	0	Each	\$95.00	\$0.00	
Under Cabinet Task Lights	0	Each	\$120.00	\$0.00	
Relocate Light Fixtures	0	Each	\$50.00	\$0.00	
Relocate & Relamp Light Fixtures	0	Each	\$85.00	\$0.00	
Single Wall Switch	0	Each	\$45.00	\$0.00	
A B Wall Switch	20	Each	\$85.00	\$1,700.00	
3 - Way Switch	8	Each	\$90.00	\$720.00	
Multi Gang Switch	3	Each	\$110.00	\$330.00	
1500 Watt Dimmer	0	Each	\$130.00	\$0.00	
Light Sensors Wall	0	Each	\$120.00	\$0.00	
Light Sensors Ceiling	24	Each	\$165.00	\$3,960.00	
Exit Lights Edge Light	12	Each	\$225.00	\$2,700.00	
Exit Lights Battery	0	Each	\$85.00	\$0.00	
Night light Circuit	2	Each	\$70.00	\$140.00	
Duplex - Wall	75	Each	\$75.00	\$5,625.00	
Duplex - Wall GFI	5	Each	\$125.00	\$625.00	
Duplex - Dedicated	2	Each	\$125.00	\$250.00	
Quad Wall Outlet	0	Each	\$75.00	\$0.00	
Quad Wall Outlet Dedicated	0	Each	\$135.00	\$0.00	
Copier Outlet	2	Each	\$125.00	\$250.00	
3/4" Tel./Data Stub Up - Wall	27	Each	\$55.00	\$1,485.00	
1" Tel./Data Stub Up - Wall	0	Each	\$40.00	\$0.00	
11/2" Telephone Home Run Conduit	0	LF	\$6.00	\$0.00	

County of LA depart of Mental Health
Suite A
2323 East Palmdale Blvd., Suite A
Palmdale,ca.

Budget Only TI 4080-01-2323-A
NL Services # 06-146
Date: 6/27/2006
Square Footage: 9087

WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
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Electrical Continued

2" Telephone Home Run Conduit	100	LF	\$7.00	\$700.00	
4" Telephone Home Run Conduit	0	LF	\$22.00	\$0.00	
4" Telephone Sleeves	0	Each	\$105.00	\$0.00	
12x12x6 Junction Boxes	0	Each	\$75.00	\$0.00	
6x6x4 Junction Boxes	0	Each	\$65.00	\$0.00	
Floor Duplex - Monument	0	Each	\$150.00	\$0.00	
Floor Duplex - Flush	0	Each	\$160.00	\$0.00	
Floor Quad - Monument	0	Each	\$170.00	\$0.00	
Floor Quad - Flush	0	Each	\$180.00	\$0.00	
Floor Tel/Data - Monument	0	Each	\$150.00	\$0.00	
Floor Tel/Data - Flush	0	Each	\$160.00	\$0.00	
Furniture Feed Wall - Power	15	Each	\$335.00	\$5,025.00	
Furniture Feed Floor - Power	0	Each	\$375.00	\$0.00	
Furniture Feed Tel/Data Wall	20	Each	\$65.00	\$1,300.00	
Furniture Feed Tel/ Data Floor	0	Each	\$285.00	\$0.00	
Plug mold	0	LF	\$20.00	\$0.00	
Wire Mould Outlets	0	Each	\$20.00	\$0.00	
Mag Hold Open Connection	0	Each	\$25.00	\$0.00	
Wire & Connect Garbage Disposal	1	Each	\$95.00	\$95.00	
Demo / Safe off	0	Hrs	\$45.00	\$0.00	
Cut & Fish - In	0	Each	\$30.00	\$0.00	
Add For Sound Wall Boxes	0	Each	\$35.00	\$0.00	
Life Safety Speakers Boxes & Conduit	1	Each	\$230.00	\$230.00	
Strobe Light Conduit & Boxes	1	Each	\$230.00	\$230.00	
Smoke Detectors Boxes & Conduit	1	Each	\$210.00	\$210.00	
Electrical Grounding System	0	Each	\$450.00	\$0.00	
Chemical Grounding System	0	Each	\$1,800.00	\$0.00	
Isolated Tech Power Panel & Feeders	0	Each	\$2,500.00	\$0.00	
Emon Demon Sub meter	0	Each	\$1,950.00	\$0.00	
Sub Panels & Feeders 200 Amp only	2	Each	\$2,250.00	\$4,500.00	
Sub Panels & Feeders rework circuits	9087	sf	\$2.65	\$24,080.55	
Transformer 30 KVA	0	Each	\$5,500.00	\$0.00	
Switch Gear To Separate Meters	1	Lot	\$21,000.00	\$21,000.00	
Permit	1	Lot	\$0.00	\$0.00	

County of LA depart of Mental Health
Suite A
2323 East Palmdale Blvd., Suite A
Palmdale,ca.

Budget Only TI 4080-01-2323-A
NL Services # 06-146
Date: 6/27/2006
Square Footage: 9087

WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
Fire Life Safety			Cost per SF	\$1.50	\$13,630.50
Life Safety Speaker	0	Each	\$220.00	\$0.00	
Strobe Wall Mounted	0	Each	\$225.00	\$0.00	
Speaker / Strobe Unit	0	Each	\$275.00	\$0.00	
Strobe Ceiling Mounted	0	Each	\$255.00	\$0.00	
Life Safety Panel	0	Each	\$1,800.00	\$0.00	
Programming	0	Each	\$2,300.00	\$0.00	
Fire Life Safety Allowance	9087	SF	\$1.50	\$13,630.50	
Smoke Detector	0	Each	\$135.00	\$0.00	
Engineering	0	Lot	\$0.00	\$0.00	
Permit	0	Lot	\$0.00	\$0.00	
After Hour Life Safety Test	0	Each	\$370.00	\$0.00	
Communication System			Cost per SF	\$3.15	\$28,624.05
Telephone Cable tray, pull string (allowance)	9087	sf	\$3.15	\$28,624.05	
Data Cabling	0	Each	\$145.00	\$0.00	
Security Cabling	0	Each	\$155.00	\$0.00	
Permit	0	Lot	\$0.00	\$0.00	

Division 1 General Requirements

Project Coordination			Cost per SF	\$11.56	\$105,090.50
Project Manager	133	Hrs	\$75.00	\$9,975.00	
Superintendent	650	Hrs	\$50.00	\$32,500.00	
Blue Prints, Engineering and Permits	9087	sf	\$6.50	\$59,065.50	
Dumpsters 40 yards	8	Each	\$400.00	\$3,200.00	
Miscellaneous/ Protection	0	Lot	\$350.00	\$350.00	
Blueprints- Reimbursable					

CONSTRUCTION SUMMARY

COST OF CONSTRUCTION WORK \$702,017

Cost Per Square Foot 77.26

County of LA depart of Mental Health
Suite A
2323 East Palmdale Blvd., Suite A
Palmdale,ca.

Budget Only TI 4080-01-2323-A
NL Services # 06-146
Date: 6/27/2006
Square Footage: 9087

WORK DESCRIPTION	QUANTITY	UNIT	COST	SUBTOTAL	TOTAL
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Note: This Contract Excludes all Skylights, Expantion of Lunchroom Build Out,and Build Out Of BreezeWay

TOTAL COST OF WORK \$702,017

Budget based on drawings dated
Contract shall be mutually agreed upon.
Our Pricing excludes any Architectural, Mechanical, Electrical, Plumbing Engineering or Plans.
Our Pricing excludes any Plan Check fee, Permit fee and or any other special assessment fees.
NL Services Inc cannot be held responsible for delays cause by City inspections, Plan check
Architectural submittals and Owner change orders.
All building department correction, corrections of concealed conditions, and base building
deficiencies have been excluded.
Overtime has been excluded.
All X-raying of floors and deputy inspections has been excluded.
NL services Inc. assumes we will be allowed access to other spaces in order to complete the
contracted work, if overtime is required then this will be billed on Time & Material basis.
NL Services Inc. assumes any related employee or subcontractor will be allowed to use
the restrooms that will not disturb the work schedule. This shall be provided to
NL Services Inc. at no additional cost.
Asbestos has been excluded.
With proper notification NL Services Inc. will be authorized to enter adjacent areas needed
to complete required work.
It is assumed that base building HVAC, Electrical and Fire Safety systems are of adequate size
for intended distribution, and in proper working order.
The scope of work included by NL Services Inc. is limited to the trades listed.
Quantities may vary.
The Proposal assumes that Parking, Power & water costs will be provided at no cost to the contractors.
The proposal assumes that the project does not required ADA upgrades and or code upgrade modifications.
Excludes all directionial, office and any other signage.

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated _____, 2006, between County of Los Angeles, a body politic and corporate, Department of Mental Health ("Tenant") and AP-Palmdale LLC ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 2323 East Palmdale Boulevard, Suite ____, Palmdale, California ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____, 2006 ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on _____, 2006 ("Commencement Date");
- (4) The Premises contain 9,255 rentable square feet of space; and
- (5) Basic Rent Per Month is \$14,808.00 per month (adjustable only as provided in Exhibit F of the lease).

IN WITNESS WHEREOF, this Memorandum is executed this ____ day of _____, 2006.

"Tenant"	"Landlord"
COUNTY OF LOS ANGELES, a body politic and corporate By: _____ Name: _____ Its: _____	AP- Palmdale, LLC a California limited liability company By: DGA Properties II LLC a Delaware limited liability company Its: Managing Member By: Abbey-Properties LLC a California limited liability company Its: Managing Member By: _____ Donald G. Abbey Its: Governing Member

EXHIBIT D

HVAC STANDARDS

Excluding the space used as warehouse and storage the Landlord shall supply, cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

EXHIBIT E

OFFICE CLEANING AND MAINTENANCE SCHEDULE

1. **DAILY** (Monday through Friday)
 - A. Carpets vacuumed.
 - B. Composition floors dust-mopped.
 - C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
 - D. Waste baskets, other trash receptacles emptied.
 - E. Chairs and waste baskets returned to proper position.
 - F. Fingerprints removed from glass doors and partitions.
 - G. Drinking fountains cleaned, sanitized and polished.
 - H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
 - I. Bulb and tube replacements, as required.
 - J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
 - K. Floors washed as needed.
 - L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.
2. **WEEKLY**
 - A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
 - B. Window sills, ledges and wood paneling and molding dusted.
3. **MONTHLY**
 - A. Floors washed and waxed in uncarpeted office area.
 - B. High-reach areas, door frames and tops of partitions dusted.
 - C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
 - D. Picture moldings and frames dusted.
 - E. Wall vents and ceiling vents vacuumed.
 - F. HVAC chiller water checked for bacteria, water conditioned as necessary.
4. **QUARTERLY**
 - A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
 - B. Wood furniture polished.
 - C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
 - D. HVAC units serviced for preventative maintenance purposes, all filters changed.
5. **SEMI-ANNUALLY**
 - A. Windows washed as required inside and outside but not less frequently than twice annually.
 - B. All painted wall and door surfaces washed and stains removed.
 - C. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.

B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.

C. Touch-up paint all interior painted surfaces in a color and finish to match existing.

D. Carpet professionally spot cleaned as required to remove stains.

7. AS NEEDED

A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.

B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) heavy traffic areas as needed with a minimum frequency of bi-monthly [six (6) times per year]; (ii) moderate traffic areas cleaned as needed with a minimum of once every six (6) months [two (2) times per year]; and (iii) clean light traffic areas a minimum of once per year. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.

D. All walls repainted throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint more than one (1) time in a five (5) year period (the "Occurrence"). The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute an Occurrence for the purpose of determining the frequency of this work.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

EXHIBIT F

RENT SCHEDULE

Year 1	\$1.60 per square foot
Year 2	\$1.60 per square foot
Year 3	\$1.65 per square foot
Year 4	\$1.65 per square foot
Year 5	\$1.70 per square foot
Year 6	\$1.70 per square foot
Year 7	\$1.77 per square foot
Year 8	\$1.84 per square foot
Year 9	\$1.91 per square foot
Year 10	\$1.91 per square foot

First Option Period

Year 1	greater of 90% of market or prior month Basic Rent per paragraph 4(e)
Year 2	CPI adjustment as provided in paragraph 4(e)(v)
Year 3	CPI adjustment as provided in paragraph 4(e)(v)
Year 4	CPI adjustment as provided in paragraph 4(e)(v)
Year 5	CPI adjustment as provided in paragraph 4(e)(v)

Second Option Period

Year 1	greater of 90% of market or prior month Basic Rent per paragraph 4(e)
Year 2	CPI adjustment as provided in paragraph 4(e)(v)
Year 3	CPI adjustment as provided in paragraph 4(e)(v)
Year 4	CPI adjustment as provided in paragraph 4(e)(v)
Year 5	CPI adjustment as provided in paragraph 4(e)(v)

SUPPLEMENTAL LEASE DOCUMENTS

For

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AND AGREEMENT**

DEPARTMENT: PUBLIC SOCIAL SERVICES, as Tenant

LANDLORD: A-P PALMDALE, LLC

2323 EAST PALMDALE BLVD., PALMDALE

Document I - Subordination, Nondisturbance and Attornment Agreement

Document II - Tenant Estoppel Agreement

Document III - Community Business Enterprises Form

Document IV - Memorandum of Lease

Document V - Request for Notice

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DOCUMENT I

**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT**

AND WHEN RECORDED MAIL TO:

)
)
County of Los Angeles)
Chief Administrative Office)
Real Estate Division)
222 South Hill Street)
3rd Floor)
Los Angeles, California 90012

Space above for Recorder's Use

**SUBORDINATION, NONDISTURBANCE
AND ATTORNMENT AGREEMENT**

NOTICE: THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This Subordination, Nondisturbance and Attornment Agreement ("Agreement") is entered into as of the ____ day of _____, 200__ by and among COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), A-P Palmdale, LLC, ("Borrower") and [Insert name of Lender], ("Lender").

Factual Background

A. Borrower owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.

B. Lender has made or agreed to make a loan to Borrower. The Loan is or will be secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").

C. Tenant and Borrower (as "Landlord") entered into a lease dated _____ (the "Lease") under which Borrower leased to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").

D. Tenant is willing to agree to subordinate certain of Tenant's rights under the Lease to the lien of the the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a nondisturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

1. Subordination. The lien of the Deed of Trust and all amendments, modifications and extensions thereto shall be and remain at all times a lien on the Property prior and superior to the Lease, except that if Tenant is granted any option to extend the Term of the Lease, right of first offer to lease additional premises or option to purchase the Property or right of first offer to purchase the Property in the Lease, such provisions shall not be affected or diminished by any such subordination..
2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.
3. Nondisturbance. The enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby.
4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.
5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.
6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section..

To Lender: _____

To Borrower: _____

To Tenant: County of Los Angeles
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State.

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TENANT: COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

BORROWER: *[Insert name of Landlord]*

By: _____
Name: _____
Title: _____

LENDER: *[Insert name of Lender],*

By: _____
Name: _____
Title: _____

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DOCUMENT II
TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

Attn: _____

Re: Date of Certificate: _____
 Lease Dated: _____
 Current Landlord: _____
 Located at: _____
 Premises: _____
 Commencement Date of Term: _____
 Expiration Date: _____
 Current Rent: _____

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

1. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.
2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

 (b) The current Rent is set forth above.

 (c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.

 (d) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

 (e) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.
3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified changed, altered or amended and is in full force

and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

[(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.]

(b) The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

By: _____

Name: _____

Title: _____

DOCUMENT III

COMMUNITY BUSINESS ENTERPRISES FORM

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of MBE/WBE participation. The information requested below is for statistical purposes only. On final analysis and consideration of lease will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

I. **MINORITY/WOMEN PARTICIPATION IN FIRM** (Partners, Associates Partners, Managers, Staff, etc.)

FIRM: NAME

ADDRESS

CONTACT

TELEPHONE NO.

TOTAL NUMBER OF EMPLOYEES IN FIRM: _____

	OWNERS/PARTNERS ASSOCIATE PARTNERS	MANAGERS	STAFF
Black/African American	_____	_____	_____
Hispanic/Latin America	_____	_____	_____
Asian American	_____	_____	_____
Portuguese American	_____	_____	_____
American Indian/ Alaskan Native	_____	_____	_____
All Others	_____	_____	_____
Women (Should be included in counts above <u>and</u> also reported here separately)	_____	_____	_____

II. **PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM**

TYPE OF BUSINESS STRUCTURE:

_____ (Corporation, Partnership, Sole Proprietorship, etc.)

TOTAL NUMBER OF OWNERSHIP/PARTNERS, ETC.: _____

PERCENTAGE OF OWNERSHIP

Black/African American _____
Hispanic/Latin American _____
Asian American _____
Portuguese American _____
American Indian/ _____
Alaskan Native _____
All Others _____
Women _____
(Should be included in counts
above and also reported
here separately)

III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

IS YOUR FIRM CURRENTLY CERTIFIED AS A MINORITY OWNED BUSINESS
FIRM BY THE:

State of California?	Yes	No
City of Los Angeles?	Yes	No
Federal Government?	Yes	No

IV. FIRM'S DESIRE NOT TO RESPOND TO INFORMATION

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS
FORM.

Firm Name:

Signed:

Date:

Title:

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DOCUMENT IV

MEMORANDUM OF LEASE

**RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:**

County of Los Angeles
Chief Administrative Office
Real Estate Division
222 South Hill Street
3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between A-P Palmdale, LLC, (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Tenant") who agree as follows:

Landlord and Tenant hereby enter a Lease of certain property (the "Lease") in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, for a term commencing on _____, 20____, and ending on a date _____ () years after the commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in a certain unrecorded Lease between Landlord and Tenant dated _____, 200__.

[Tenant has the option to extend the term of the Lease for a period of ____ () years, subject to the terms and conditions of the Lease.]

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Dated: _____, 20____.

LANDLORD:

TENANT:

By: _____
Its: _____

By: _____
Its: _____

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DOCUMENT V
REQUEST FOR NOTICE

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

County of Los Angeles
Chief Administrative Office
Real Estate Division
222 South Hill Street
3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

REQUEST FOR NOTICE

(UNDER SECTION 2924B CIVIL CODE)

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust described below:

Date of Recording of Deed of Trust

Instrument Number of Deed of Trust

Trustor

Trustee

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Beneficiary

be mailed to County of Los Angeles, Chief Administrative Office, Real Estate Division,
222 South Hill Street, 3rd Floor, Los Angeles, California 90012, Attention: Director of
Real Estate.

"LENDER:

_____,
a _____

By: _____
SIGNEE'S NAME

Its: SIGNEE'S TITLE

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

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COUNTY OF _____ ss.

On this ____ day of _____, 20__, before me, _____
_____ a Notary Public in and for the State of California, personally appeared _____
_____ personally known to me (or proved on the
basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed
the instrument.

WITNESS my hand and official seal

Signature _____

My commission expires _____.

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LANDLORD'S WORK LETTER

For

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AND AGREEMENT**

DEPARTMENT: MENTAL HEALTH, as Tenant

LANDLORD: AP-PALMDALE LLC, a California limited liability company

2323 East Palmdale Boulevard, Suite , Palmdale, California

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LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated _____, 2006, executed concurrently herewith, by and between **AP-PALMDALE LLC, a California limited liability company** as Landlord, and **COUNTY OF LOS ANGELES, a body politic and corporate, Department of Mental Health** as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. **Basic Work Letter Information.** The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

- (a) Base Tenant Improvement Allowance: N/A.
- (a)(a) Furniture Allowance: Not to exceed \$350,000, payable by Tenant to Landlord in lump sum within sixty (60) days after delivery by Landlord to Tenant of a final invoice for the Furniture Allowance.
- (b) Additional Tenant Improvement Allowance: \$92,550 (\$10 per rentable square feet)
- (c) Maximum Change Order Allowance: \$15,000 (approximately \$1.62 per rentable square feet)
- (d) Additional Tenant Improvement and Change Order Amortization Rate: N/A.
- (e) Basic Rent Reduction: None.
- (f) Tenant's Work Letter Representative: Thomas Shepos
- (g) Landlord's Work Letter Representative: Don Abbey
- (h) Landlord's Address for Work Letter Notice: AP-Palmdale LLC
Attn: Donald G. Abbey
c/o The Abbey Company
310 Golden Shore, Suite 300
Long Beach, California 90802
- (i) Tenant's Address for Work Letter Notice: Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012
Fax Number: _____
- With a copy to:
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor

Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: 213-830-0907

(j) Addenda

Addendum A: Base Building Improvements
Addendum B: Base Tenant Improvements

2. **Construction of the Building.**

2.1 **Base Building Improvements.** Landlord has constructed or shall construct the base Building improvements as a part of the Building described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Base Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Addendum B hereto.

2.2 **Additional Costs Not Base Tenant Improvement Costs**

(a) In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Base Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease, or (v) supervision or overhead costs of Landlord.

(c) Landlord shall be solely responsible for all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses, as specifically disclosed in the Plans.

2.3 **Base Building Plans.** Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2000 format. In the event such plans and specifications are incomplete or inaccurate, such delay caused thereby shall not be a Tenant Delay, as defined below.

3. **Selection of Architect and Engineer.** Landlord has selected a qualified licensed architect ("Architect") and an engineer ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below. Tenant hereby approves and consents to Landlord's selection of the Architect and the Engineer, as selected by Landlord.

4. **Selection of Contractor.** Landlord has selected a contractor ("Contractor") to complete the construction of the Base Tenant Improvements. Tenant hereby approves and consents to Landlord's selection of NL (as defined in the Lease) as the Contractor.

1 **5. Preparation of Plans and Specifications and Construction**
2 **Schedule.**
3

4 5.1 **Preparation of Space Plan.** Concurrently with the execution of this Lease, Tenant
5 shall submit to Landlord a Space Plan and specifications for the Premises showing all demising
6 walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices,
7 conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and
8 file room (the "Space Plan").

9 5.2 **Approval of Space Plan.** Within two (2) days after Landlord receives the Space
10 Plan, Landlord shall either approve or disapprove the Space Plan. Any disapprovals must be
11 only for reasonable and material reasons which shall be limited to 1) a material adverse effect on
12 the Building structure; (2) possible damage to the Building mechanical systems, (3) non-
13 compliance with applicable codes, (4) material adverse effect on the exterior appearance of the
14 Building, or (5) unreasonable interference with the normal and customary business operations of
15 other tenants in the Building.

16 5.3 **Revisions to Space Plan.** Tenant shall make the changes necessary in order to
17 correct the matters in the Space Plan disapproved by Landlord and shall return the Space Plan to
18 Landlord, which Landlord shall approve or disapprove within one (1) day after Landlord receives
19 the revised Space Plan. This procedure shall be repeated until written approval of the Space Plan
20 by Landlord has been delivered to Tenant. The Space Plan may be submitted by Tenant in one
21 or more stages and at one or more times, and the time periods for Landlord's approval shall apply
22 with respect to each such portion submitted.

23 5.4 **Preparation and Approval of Working Drawings.** Within ten (10) days of the date
24 the Space Plan is approved by Landlord (the "Plan Approval Date"), Landlord shall instruct the
25 Architect to commence preparation of Working Drawings (the "Working Drawings"), which
26 shall be compatible with the design, construction and equipment of the Building, comply with all
27 applicable laws, be capable of physical measurement and construction, contain all such
28 information as may be required for the construction of the Base Tenant Improvements and the
29 preparation of the Engineering Drawings (as defined below), and contain all partition locations,
30 plumbing locations, air conditioning system and duct work, special air conditioning
31 requirements, reflected ceiling plans, office equipment locations, and special security systems.
32 The Working Drawings may be submitted in one or more stages and at one or more times.
33 Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time
34 been submitted, for review. Landlord shall be solely responsible for insuring that the Working
35 Drawings fully comply with all applicable building codes and are free from errors or omissions
36 on the part of the Architect.

37 5.5 **Preparation and Approval of Engineering Drawings.** Landlord shall cause the
38 Architect to coordinate all engineering drawings prepared by the Engineer, showing complete
39 mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated
40 into the Working Drawings. The Engineering Drawings may be submitted in one or more stages
41 and at one or more times for Tenant's review.

42 5.6 **Integration of Working Drawings and Engineering Drawings into Final Plans.**
43 After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to
44 integrate the approved Working Drawings with the approved Engineering Drawings (collectively
45 "Final Plans") and deliver five (5) sets of the Final Plans to Tenant. The Final Plans shall be
46 suitable for plan check review and permitting by local agencies having jurisdiction, for the
47 layout, improvement and finish of the Premises consistent with the design and construction of
48 the Base Building Improvements, including electrical and mechanical drawings, capacity reports,
49 dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone

1 communications and data plans, life safety devices, construction detail sheets including millwork
2 detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets,
3 sprinklers, doors, equipment specifications (including weight specifications and cooling
4 requirements) and power requirements (including voltage, amps, phase, and special plugs and
5 connections), wall finishes, floor coverings, millwork and other Base Tenant Improvements.

6 5.7 Approval of Plans by Tenant. Approval by Tenant shall not be deemed to be a
7 representation by Tenant as to the adequacy or correctness of the design of the Base Tenant
8 Improvements.

9 5.8 Schedule. Landlord shall have no obligation to commence construction of the
10 Base Tenant Improvements until all of the following have occurred: (1) The final and
11 unconditional approval and execution of this Lease by the County by the formal action of the
12 Board of Supervisors ("County Approval"); (2) the receipt by Landlord of the final and
13 unconditional Lender's Approval (as defined in Section 31.2 of the Lease); and (3) the issuance
14 of all necessary permits required to commence construction of the Base Tenant Improvements
15 ("Permit Issuance"). Landlord Tenant Improvement Commencement Date means the date upon
16 which occurs the last of the following: (a) Landlord's written receipt of the County Approval;
17 (b) Landlord's written receipt of the Lender's Approval; or (c) Permit Issuance to Landlord.
18

19 Within thirty (30) days after the Landlord Tenant Improvement Commencement Date (as
20 defined in the Lease), Landlord shall submit to Tenant a detailed construction schedule, subject
21 to approval by Tenant which approval shall not be unreasonably withheld, setting forth the dates
22 for the specific completion of certain project benchmarks including, but not limited to,
23 completion of Working Drawings, completion of Engineering Drawings, submission of plans to
24 local jurisdiction for review, issuance of building permit, submission of plans to contractors for
25 bidding, award of construction contract, construction commencement, construction completion,
26 projected Commencement Date and other similar dates. As the construction continues, Landlord
27 shall amend the schedule from time to time to reflect any changes to the projected dates.
28

29 6. Construction of Base Tenant Improvements.

30 6.1 Base Tenant Improvements. Landlord shall construct and complete the "Base
31 Tenant Improvements" described on Addendum B attached hereto. Except for furniture and
32 telecommunications improvements and the costs of "Change Orders" in excess of the Maximum
33 Change Order Allowance, and the costs of "Additional Tenant Improvements" in excess of the
34 Additional Tenant Improvement Allowance, if any work required by the Final Plans is not
35 described on Addendum B hereto the work shall be performed by Landlord at its own cost and
36 expense and not included in the cost of the Base Tenant Improvements. As used herein
37 "Additional Tenant Improvements" and "Change Orders" shall each mean changes, additions,
38 deletions or alterations to the Final Plans.

39 (a) Permits. Landlord shall secure the approval of governmental authorities, and
40 all permits required by governmental authorities having jurisdiction over such approvals and
41 permits for the Base Tenant Improvements, promptly after approval of the Final Plans.

42 (b) Commencement of Construction. Landlord shall commence construction of
43 the Base Tenant Improvements within fifteen (15) days after the Landlord Tenant Improvement
44 Commencement Date (as defined in the Lease). Landlord shall commence and, once
45 commenced, shall thereafter diligently proceed to construct and complete all Base Tenant
46 Improvements, subject to any cessation that may be caused by Force Majeure Delays.

47 6.2 Construction. Construction of the Base Tenant Improvements will be subject to
48 the following terms and conditions:

1 (a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate
2 with Tenant in posting a notice or notices of nonresponsibility by Tenant.

3 (b) Clean-Up and Substandard Work. Landlord will be responsible for all clean-
4 up with respect to the Base Tenant Improvements, whether in the Premises themselves or in
5 other areas utilized by Landlord or its contractors, and agrees to reimburse Tenant for any and all
6 expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor
7 or contractors (as reasonably determined by Tenant according to the usual standards of work in
8 the Building) or as a result of inadequate clean-up.

9 (c) Compliance with Laws. Construction of the Base Tenant Improvements shall
10 comply with all applicable laws and regulations and shall be subject to the general inspection of
11 Tenant. The Premises shall comply with all applicable city, county, state and federal building
12 codes, regulations and ordinances required for beneficial occupancy, including, but not limited
13 to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor
14 Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in
15 dollars and details pertinent thereto for each craft, classification or type of workman or mechanic
16 needed for the construction of the improvements. Particulars of the current Prevailing Wage
17 Scale, as approved by the Board of Supervisors which are applicable to the work, are filed with
18 the Clerk of the Board of Supervisors and must be posted at the site.

19 6.3 Conformed Plans. Within sixty (60) days after substantial completion of the Base
20 Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit
21 to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard
22 industry custom and practice, field changes made and changes and/or revisions that have been
23 made subsequent to the submission of the Final Plans. Such "as-built" or "record documents"
24 shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes in Auto
25 CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar
26 transparencies of drawings and one complete set of specifications.

27 7. **Additional Tenant Improvements and Change Orders.**

28 Tenant may make Additional Tenant Improvements and Change Orders, provided both
29 Tenant and Landlord approve such changes in writing. The amount of the Additional Tenant
30 Improvement Allowance and Maximum Change Order Allowance set forth in Section 1 has been
31 authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized
32 Additional Tenant Improvements and Change Orders but only the Chief Administrative Officer
33 is authorized to approve Additional Tenant Improvements and Change Orders on behalf of
34 Tenant and then only if the aggregate amount of such approved Additional Tenant Improvements
35 and Change Orders does not exceed the Additional Tenant Improvement Allowance and the
36 Maximum Change Order Allowance. Each Change Order must be signed and dated by the Chief
37 Administrative Officer. That portion of the Additional Tenant Improvement Allowance and
38 Maximum Change Order Allowance used to pay for Additional Tenant Improvements and
39 Change Orders will be payable by Tenant to Landlord in a lump sum payment within thirty (30)
40 days after the later of: (i) the Commencement Date; or (ii) delivery by Landlord to Tenant of a
41 final invoice for the Tenant Improvement Allowance and Maximum Change Order Allowance.

42 8. **Furniture System.**

43 8.1 Tenant shall deliver to Landlord all information required for Landlord to place an
44 order for office furniture ("Furniture") selected by Tenant for the Premises within twenty (20)
45 days of Landlord receiving a construction permit. Tenant shall provide a minimum of three (3)
46 bid packages, addressed to a minimum of three (3) furniture contractors to Landlord's agent,
47 Kevin Dillard or his designee, and Landlord shall within forty five (45) business days thereafter

1 contract for the delivery and installation thereof in an amount not to exceed the Furniture
2 Allowance. Tenant hereby acknowledges that, although Landlord originally purchased the
3 Furniture, all decisions as to the cost, type, quantity and quality of the Furniture were made by
4 Tenant; therefore, neither Landlord nor its agents or employees make any written or oral
5 representations or warranties with respect to the condition, quality or merchantability of the
6 Furniture nor to its suitability for Tenant's use.

7 Tenant shall reimburse Landlord in a lump sum within sixty (60) days of delivery by
8 Landlord to Tenant of a final invoice for Furniture Allowance.

9 8.2 Tenant may opt to finance the lump-sum payment for the cost of modular
10 furniture through lease-purchase financing with a third-party vendor (Creditor"). In the event the
11 Tenant elects to enter into a lease-purchase financing of the furniture and telecommunications
12 equipment ("Personal Property") through a Creditor, Landlord expressly agrees as follows:

13 (a) The Personal Property shall not become part of the realty or real property,
14 but shall remain personal property removable by the Creditor and its assigns, provided that any
15 damage occasioned by such removal shall be repaired by Creditor.

16 (b) Landlord shall be notified by Creditor of any plan by Creditor to remove
17 the Personal Property.

18 (c) This section shall be binding on the representatives, successors and
19 assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all
20 parties hereto.

21 (d) Landlord does hereby waive any right to gain possession of any of
22 Personal Property during the term of this Lease.

23 9. **Audit.** Tenant may audit the costs and/or sums advanced by Landlord to Tenant in
24 connection with the Furniture Allowance and Additional Tenant Improvement Allowance, for a
25 period of 24 months from the date of acceptance of the Premises by Tenant.

26 10. **Delay.**

27 10.1. **Tenant Delays and Force Majeure Delays.** Except as set forth herein, no delay in
28 the completion of construction of the Base Tenant Improvements shall be considered in the
29 determination of the Commencement Date of the Lease and, except as set forth herein or in the
30 Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of
31 delay in the construction of Base Tenant Improvements. Subject to the provisions of Section 8.2,
32 the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each
33 day that: (i) Tenant fails or refuses to give authorizations or approvals within the time periods
34 required herein but only to the extent such delays delay the commencement or completion of
35 construction of the Base Tenant Improvements; or (ii) construction time will be increased
36 because (a) Tenant modifies the Plans subsequent to their approval, or (b) due to any action or
37 omission of Tenant or anyone performing services on behalf of Tenant (each of (i), (ii)(a) and
38 (ii)(b) a "Tenant Delay"); or (iii) Substantial Completion of the Base Tenant Improvements is
39 delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout,
40 labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar
41 causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure
42 Delay(s)").

1 10.2. Limitations.

2 (a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have
3 occurred unless Landlord has provided written notice, within forty eight (48) hours of the event
4 giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is
5 claimed to have occurred because of actions, inaction or circumstances specified in the notice in
6 reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force
7 Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to
8 have occurred only commencing as of the date Tenant received such notice from Landlord.

9 (b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the
10 Projected Commencement Date only in the event that Substantial Completion of the Base Tenant
11 Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such
12 delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred
13 by Landlord due to such effort does not exceed \$1,000 on a cumulative basis, unless Tenant
14 agrees to pay to such excess).

15 (c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be
16 recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay
17 or Force Majeure Delay which is effective hereunder. For example, if there are ten (10) days of
18 Tenant Delays and four (4) days of Force Majeure Delays which occur during the same ten (10)
19 day period of such Tenant Delays, then the Projected Commencement Date would be extended
20 by only ten (10) days; on the other hand, if such Tenant Delays and Force Majeure Delays did
21 not occur during the same period, the Projected Commencement Date would be extended by
22 fourteen (14) days.

23 11. Representatives.

24 (a) Tenant Representative. Tenant has designated Tenant's Work Letter Representative
25 as its sole representative with respect to the matters set forth in this Landlord's Work Letter who,
26 until further notice to Landlord, shall have the full authority and responsibility to act on behalf of
27 Tenant as required in this Work Letter and whose address, for purposes of any notices to be
28 given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for
29 Work Letter Notice as set forth in Section 1.

30 (b) Landlord Representative. Landlord has designated Landlord's Work Letter
31 Representative as its sole representative with respect to the matters set forth in this Work Letter
32 who, until further notice to Tenant, shall have the full authority and responsibility to act on
33 behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of
34 any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is
35 Landlord's Address for Work Letter Notice as set forth in Section 1.

36 12. Construction Meetings. During the course of construction, meetings shall be held
37 between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs
38 otherwise, at a time and place which is mutually convenient. An initial construction meeting
39 shall be held within five (5) days of the date the Contractor is selected.

40 13. Delivery. Delivery of all plans and drawings referred to in this Work Letter shall be by
41 commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord
42 and Tenant.

43
44 **[SIGNATURES ON FOLLOWING PAGE]**

1 **ADDENDUM A to Landlord's Work Letter**

2 **BASE BUILDING IMPROVEMENTS**

3 Landlord has constructed (or will construct) the Building to include the following:

4 (a) the Building shell and exterior, including perimeter window frames, mullions and
5 glazing in good condition;

6 (b) the core area, including mechanical, electrical, sprinkler, plumbing, life safety,
7 heating, air conditioning, ventilation and structural systems within the Building core, stubbed out
8 to the face of the core wall at locations determined by Landlord;

9 (c) men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile
10 floors, accessories, ceilings and lighting, with running hot and cold water;

11 (d) unpainted exterior dry wall or lath and plaster covering the exposed side of all
12 exposed core walls, core and perimeter columns and the interior exposed side of all exterior
13 building wall areas except at and under windows;

14 (e) ground floor lobby;

15 (f) exterior plazas and landscaping;

16 (g) drinking fountains at the core;

17 (h) electrical/telephone closet with not less than seven (7) watts per square foot of
18 rentable area of normal power in the floor electrical closet;

19 (i) conduit access sufficient for Tenant's electrical wiring (no additional improvement to
20 increase conduit access will be furnished by Landlord unless there is not sufficient riser space as
21 required for a 1.5" diameter signal cable from the Building main telecommunication vault to the
22 telephone closets on floors _____, in which case Landlord, at no cost to Tenant, shall cause
23 such riser space to be made available to Tenant, and provided further that Tenant shall be
24 responsible for the cost for removing the riser floor seal at each floor and the patching of each
25 seal after installation of Tenant's cable);

26 (j) two (2) 208/120 and one (1) 480/277 bolt panels connected to the Building power
27 system;

28 (k) concrete floors with trowelled finish, level to specified tolerances and designed to
29 support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty
30 (20) pounds per square foot;

31 (l) primary fire sprinkler distribution, including secondary piping and sprinkler heads as
32 required for the unoccupied Premises;

33 (m) primary fire-life safety enunciation system "backbone" and panels suitable for
34 Tenant's secondary distribution;

35 (n) access at panels in the service core for distribution of Building requirements
36 electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the
37 limits permitted under applicable law at the time the Building receives the initial temporary
38 certificate of occupancy for the Building; and

39 (o) gypsum board on the service core walls, columns and sills in the Premises.
40

ADDENDUM B to Landlord's Work Letter

BASE TENANT IMPROVEMENTS

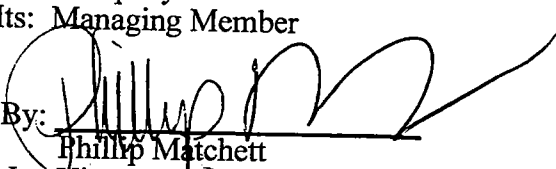
Base Tenant Improvements shall consist of the improvements set forth on the Plans and specifications attached hereto and made a part hereof.

LANDLORD:

**AP-PALMDALE LLC, a
California limited liability company**

By: DGA-Properties II LLC, a
Delaware limited liability company
Its: Managing Member

By: Abbey-Properties LLC, a
California limited liability
company
Its: Managing Member

By: 
Phillip Matchett
Its: Vice President & Director of Leasing

TENANT:

**COUNTY OF LOS ANGELES,
a body politic and corporate**

By: _____

Name: _____
Mayor, Board of Supervisors

ATTEST:

By: _____
Sachi A. Hamai
Executive Officer-Clerk of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER JR.
COUNTY COUNSEL

By: _____
Principal Deputy:
Kathleen Dougherty Felice